

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
January 13, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, this morning you have heard Mr. Spencer reporting on the extraordinary work of the Governor's Blue Ribbon Commission on Financial Management. You also heard my report -- really Dick Sauer's report that I am happy to endorse and present - on the University Financial Review Committee's work over the last four months.

Dick Sauer chose to conclude his formal relationship with this Board by quoting the Blue Ribbon Commission's respected senior advisers, William Massey and James Brinkerhoff:

**"It is no good to plead for trust in the abstract; trust grows
out of the hard soil of experience."**

I can think of no better message to set the tone for my administration. Dick Sauer planted the seeds for trust based on action. It is my highest priority to make sure this trust grows and flourishes.

This means that it is not enough to plead that our planning principles and priorities are valid and good in the abstract; we have reached the point where we have to begin producing the results -- real changes in our institutional behavior that translate into better teaching, better research, and better public service.

Better teaching, research, and public service must be the highest goals of the University of Minnesota. That's always been our mission. In our particular situation in 1989, however, producing those results will only happen if the University of Minnesota earns back whatever credibility and trust was lost in 1988.

1988 was the year of very painful and damaging controversies -- a troublesome and confusing array of issues and problems. Some of the problems were major, some were minor, and some arguably weren't even problems, but they all received unprecedented attention.

1988 was also the year of audits and management studies, and there I must say that the University of Minnesota was fortunate. We were well-audited and well-studied. The scene was set for cheap shots and demagoguery, and

that didn't happen. Good professionals, public and private, and good citizens volunteering their time and expertise, gave the University important advice. They studied us intensively, gave credit where credit was due and constructive criticism where criticism was due, and provided a remarkably thorough analysis of the problems that remain and constructive suggestions for solving them.

The very scope and thoroughness leaves us with a special problem. We have a large, detailed, and extremely complicated set of analyses and recommendations, matched by diverse expectations and accountability requirements. No matter how we wish it all to be simplified and capsulized, no matter how hard we try to do that, the reality is that we can't have easy answers that satisfy every expectation. But, we must make every effort to communicate, every effort to provide our own scorecard of actions taken. We cannot expect our overseers to know that we are solving the problems unless we report on our progress regularly, fully, and understandably.

I intend to take personal responsibility for producing our own report card and making sure it's available to everyone concerned.

We simply must develop, maintain, and make available a complete and understandable accounting of the problems, what we've done to solve them, and what we're doing to address those that remain. That will be my own agenda for delivering action and results.

Accountability is only one area where this administration will set its agendas for actions and results that build both trust in the University and support for our plans for improvement.

I have identified five other areas for immediate attention, each with its own agenda for actions and results. And, please note that I'm not asking for more study; I'm asking for actions and results within stringent timetables. For each of the five areas, I am identifying lead people whom I can trust to take responsibility -- to "honcho" the assignments, if I may use a term that Arizonans might claim, even if its roots are in the Far East. To make certain that these lead people have administrative support, and to make sure they have the full attention of my administration, I will assign appropriate administrative officers to work directly with the lead persons in each of these areas and keep me fully informed.

The first two areas have to do with management and communication. Given the recent past and the constant questions I have faced during my first few days in office, there is no question but that these areas must top the list.

Managerial Effectiveness

Managerial effectiveness, much in the news during 1988, must become a source of respect, trust, and pride in 1989. That effectiveness is a matter of both talent and tools. The best possible managers will not succeed without the right tools; less than competent managers wouldn't be able to use good tools. This institution depends in fundamental ways on finding and developing good managers, defining their responsibilities and authority, providing the tools, and holding them to a high standard of demonstrated effectiveness. They have to keep in mind at all time that their responsibility is to support the academic objectives of the University.

Governance and Administration

Governance and administration, also much in the news in 1988, are another key area for special attention, especially in terms of communication. Any analysis of this university's recent problems clearly shows that miscommunication and lack of communication were foremost among the root causes of many of the problems, and we cannot afford to repeat those mistakes.

But, even under the overwhelming pressures we now encounter to deal with management and communication, we must also address the substance of the University, aspects of teaching, research, and public service. Good management and good communication are, of course, important only if they produce better teaching, research, and public service.

Undergraduate Education

Undergraduate teaching effectiveness has been a more important element of University plans than many realize, and it's obviously one of the most important elements where it's time to deliver results that make a difference. In universities it's easy to come up with the abstractions about improving instruction. The abstractions are easy to support. Now we have to start delivering.

Research Development

Research is already a fundamental strength of the University of Minnesota. But, it has entered a whole new competitive arena that we are only beginning to understand. This is an agenda where major progress has been made, but any slip in momentum risks enormous damage to the University and the State of Minnesota.

Public Service and Technology Transfer

Public service is basic to the idea of the land-grant university. Today it also entails the important activities we subsume under the label "technology transfer," service to business and industry. It couldn't be more obvious that the society we serve faces complex problems that can only be addressed by calling on the whole range of University resources and coordinating them with other public and private resources. We must continue the tradition of public service, but it must be adapted to meet the needs of today -- and tomorrow.

I thus want to move immediately to address these six responsibilities

**Accountability
Managerial Effectiveness
Governance and Administration.
Undergraduate Education
Research Development
Public Service and Technology Transfer**

Our "midquarter" progress reports for these areas will be on this table for the Board of Regents meeting March 10. We have much to prove to the Governor, the Legislature, and the citizens of this State, and I intend to make sure we deliver while there is still time for State government to make its decisions for the next biennium.

Now that the legislative session has started and the major public policy questions are finding their way to the tables in St. Paul, I think it is vitally important to recognize and emphasize that the University of Minnesota is not the only game in town--not the only higher education system facing a genuine watershed point in its history.

For me personally, two facts have struck me as I have returned to Minnesota. First, I have been reminded of the enormous strength of the collective systems of higher education in Minnesota. Second, I have realized from experience elsewhere how dramatically the scene has changed nationally. Minnesotans have every right to be proud of the progress made within the world of this state's higher education scene. On the other hand, Minnesotans have reason to be profoundly worried about their colleges' and universities' relationships to the national scene.

We have a classic "good news--bad news" situation. The good news is that Minnesota built a model of access to opportunity for higher education. That's no surprise; it is the Minnesota tradition to put value on education.

It's our tradition to see education and research as the engines of job creation, productivity improvement, and the attraction of businesses that require an educated workforce. The University has always been an engine of these, but we're not alone by any means.

Elementary and secondary education have always been keys to our economic climate, the vocational institutes and community colleges have developed their special roles, the private institutions play a key part, and the State University System is adding applied research and development to its long-standing teaching roles.

Now we share the problems of being the victims of our own success. We have made the commitments to access, to educating our children and providing life-long educational opportunity. The key issue now is determining the quality of the education we provide.

When you cut through everything else, the quality of education is a question of the quality of people. The brick-and-mortar facilities and the equipment in them are very important, but the best possible buildings and equipment are no guarantee of quality education. Quality people, faculty and staff, using good equipment in good facilities will produce quality education, and there's just no way around that.

The bad news for Minnesotans is that the rest of the world has figured this out. Competitiveness is not only a new buzz word; it is a whole new game; and it's being played throughout the country and around the world with a set of rules Minnesota hasn't made--and can't make.

Minnesota's old rules said "build schools and provide access for everyone." We built the schools, and we have a wonderful tradition of being fair to students by guaranteeing access.

But, whether we like it or not, the rules of national and international competitiveness for educational talent don't give a fat krona for Minnesota's attitudes about fairness. Talent has become a national and international commodity, playing by its own marketplace rules, and whether we like it or not, those marketplace rules have everything to do with the future of Minnesota. If we want to attract the talent and keep it here, the national and international marketplaces are going to set the price.

Universities all over this country are faced with double jeopardy -- make that triple jeopardy. The double part is that, just as we need faculty talent most desperately, the American university faculty ranks will be very badly depleted by retirements. Those ranks were built in the 1950s and 1960s, and the supply and demand curves have been out of whack since. The triple jeopardy part comes in as industry has discovered that it needs the same talent that makes good teachers. Schools no longer compete only with other

schools; now they also compete with corporations who accept and flourish in marketplace competition.

The nub of the talent issue -- for the University and for all the other schools that depend on talent -- is that Minnesota's tradition of fairness is good news to schools outside of Minnesota and sectors outside of education who will, whether we like it or not, compete with us for talent. Our sense of fairness has contributed to our resources being spread too thinly. We have every danger of finding ourselves self-satisfied with the way we've played the game...but losing, with all that means to the future economic -- and social and cultural -- health of our state.

The answer is as easy to say as it is difficult to accomplish politically. Minnesota must invest more private and public money in education at all levels to be both fair and competitive.

I have the clear impression that many people in public life understand this and believe it. Politically, it is as clear as it could be that this message is a difficult one, not the stuff of short-term political popularity. That simply is not a message being heard in elections, but it is a message that some citizens believe and more will come to believe soon. It is a message that is coming out consistently now in many important public policy studies, and our political leaders who want to do the right thing have got to hear more expressions of public support.

Educators like myself and governing board members like you will simply have to do a better job of communicating why the quality of our educational systems is now the all-important issue on the State's agenda, and demonstrating that we can be trusted to use the State's investment in education wisely and effectively.

After sounding these warning signals, let me end on a positive note. As a new president, I have come back to Minnesota enjoying some rather remarkable advantages:

Higher education planning -- and especially University planning -- has progressed far more than I would have dared hope five years ago. We are ready for action.

Problem areas have been studied in great depth, and solutions have been found, are being found, or have been quite clearly laid out for the future.

I probably have unprecedented flexibility to assemble an administrative team that can be selected and further developed to tackle the known challenges.

Despite the controversies, the academic strength of this university has not only survived but increased over the last five years. That is a real tribute to the faculty and staff who are responsible for those developments.

Federal agencies, whose own constrained resources have forced them to be ever more selective, have continued very substantial funding of University of Minnesota scholars.

Foundations, businesses, and individual private donors have also voted with their dollars, reinforcing the idea that the University of Minnesota can deliver outstanding results, and supporting a fund-raising effort that produced endowed chairs and professorships that any university would dearly love to have.

Most importantly, I've taken over a world-respected university, full of talented people who believe in making it even better.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
February 10, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, I want to use this month's President's Report to address several topics of great importance to the University. I ask your indulgence as I once more use my Report as a vehicle for advocacy -- on very important issues.

Action Agenda Update:

At last month's meeting, I identified six major action agendas. They covered the following areas:

**Accountability
Managerial Effectiveness
Governance and Administration
Undergraduate Education
Research Development
Outreach, Extension, and Technology Transfer.**

As I began to analyze these action agenda and discuss staff assignments, it was immediately apparent that we needed either a seventh action agenda on issues and programs concerning women and minority faculty, staff, and students, or specific coverage of those issues and programs within each of the six action agendas. I chose the latter, since the issues really must cut across all of these areas, and that is how the reports will be written.

I promised to provide a "report card" at the March Regents meeting. Today, I simply want to give you a brief status report.

As I said last month, I must take personal responsibility for the general topic of **accountability**, and I will be assisted by Dave Berg, Mary Bilek, Barbara Muesing, and Nick LaFontaine.

We will address the steps that have been, or must be, taken to ensure that the University continues to provide appropriate information on fiscal and operational matters to the Board of Regents, the Governor and the Finance Department, the Legislature, the University Senate, and a variety of other constituencies -- ultimately to the citizens of the State. We must also address the steps taken, or to be taken, to ensure that the University presents its academic programs -- teaching, research, and public service -- to these same constituencies effectively.

We now have clearly assigned responsibilities for reporting on the implementation of actions recommended by Dick Sauer's University Financial Review Committee, the Blue Ribbon Commission, and the

Legislative Auditor. The Financial Review Committee's report has been sent to all legislators, and detailed appendices are on file in the Legislative Reference Library and appropriate University offices.

A personal memorandum from me to the Governor, reporting in some detail on steps taken as of the end of my second week in office, has been sent to the Governor, to the legislative leadership, and to the Legislative Auditor.

Another personal memorandum to the Governor and the legislature, reporting on steps taken during my third and fourth weeks in office, is being prepared right now and will be sent next week.

We will continue to do our best to ensure that further reports are made widely available, and not simply sent to the formally required audiences.

A plan for the dissemination of information concerning academic programs and special projects is being developed by the Vice Presidents for Academic Affairs and External Relations.

Now I'd like to turn to the other reports being developed.

Senior Vice President Gus Donhowe will be responsible for the report on **managerial effectiveness**. Carol Campbell is serving as the lead person of a team made up of Katherine Cram, Neil Bakkenist, Carol Carrier, Roger Forrester, and Professors Larry Cummings and Andrew VanDeVen of the Carlson School of Management.

Their assignment is to identify and communicate the steps that have been taken, and the steps that must be taken, to ensure that the University manages its human, financial, and physical resources effectively. A regularly scheduled audit of operations will be established, involving teams of outside consultants. This process will be similar to the one now used in academic program reviews.

In the area of **governance and administration**, Chancellor Larry Ianni is leading a team comprised of Donald Sargeant, Bettina Blake, and Ed Foster to report on steps taken, and steps to be taken, to ensure that the University is governed and administered in such a way that a proper balance is struck between centralized "system" functions and campus functions, including proper roles for the president, the vice presidents, and the chancellors. The report will address the balance between campus autonomy and centralization, as well as the structure of the central administration itself.

Acting Vice President Shirley Clark is responsible for the three areas of the report dealing with academic programs:

The report on **undergraduate education** is being developed by a team led by Robert Kvavik which includes the deans of the undergraduate colleges, the vice chancellors for academic affairs, and two students, John Bradford and

Geoff Pollack. They will identify steps taken, and steps that must be taken, to ensure that all undergraduate students receive a quality education, including entry-level instruction in English and mathematics, general education, and the undergraduate majors. This report will also cover advising and other services, as well as access to laboratories, libraries, and study space.

Dean Robert Holt will lead a team on **research development**, made up of Robert Carlson, Pete Magee, and Tony Potami. Their assignment is to report on steps taken, and to be taken, to ensure that the University's activities in research, scholarship, and artistic expression continue to prosper. This report will cover faculty and staff incentives, facilities, support services, and interactions with other academic institutions and other public and private organizations.

Dean Edward Schuh is leading a team that includes Pat Borich, Jim Infante, Ed Frederick, Hal Miller, and Tony Potami, reporting on **outreach, extension, and technology transfer**. Their report will cover steps taken, and to be taken, to ensure that the University serves the state and nation through effective sharing of its resources in teaching and research/scholarship/artistic activities with agencies, institutions, organizations, and individuals.

Faculty and Staff Recruitment and Retention

In last month's report, I also talked about the issue of competitiveness in the national and international marketplace. This issue has received some additional and badly needed public attention in the last few weeks. A more detailed report on the topic was presented to the Faculty, Staff, and Student Affairs Committee of the Board yesterday.

The report speaks well for itself, but I believe it is essential to underscore some critical issues involved in faculty and staff retention.

We are justly fond of talking about the research university as an investment. In investment terms, surely high quality faculty scholars can be thought of as principal. We seek to protect that principal for all the kinds of teaching, research, and service outcomes we know it can earn. We may well seek, as we do now, to build a stronger portfolio, but we must build up from existing strength -- from blue chip people -- if we expect to produce real growth.

Analogies are risky business, but let me nevertheless try another one. Since my own salary has been publicly contrasted to a certain Twins baseball player, I can't resist. I understand the investment strategy decision that was made by the Twins organization. Whether the Twins management likes it or not, they, too, are in a talent competition, governed by their own set of rules, to be sure, but rules that are difficult to control. If I understand the Twins' history, the organization tried for several years to

get along with lower salaries than some of their competition. They lost talent, they lost games, they lost public support, and they lost customers.

The Twins organization changed that policy. They went into their talent marketplace with more aggressive investments, and it paid off handsomely. People again supported the team -- and the World Series victory brought the entire state to its feet in euphoria. I want to see that kind of investment in talent for the University of Minnesota -- and benefits for the people of the state that are even more exciting, and more lasting, than a World Series victory!

As Dr. Clark's report points out, Mother Nature is the most basic problem in retaining faculty talent throughout American higher education, public and private. We are faced with an entirely unprecedented rate of faculty retirement -- a sheer numbers game that is simply rooted in the timing of the growth of our colleges and universities, and in the aging of the faculty members hired to work in them. Changes in retirement policies may affect "when," but the "if" will not be changed in our lifetime.

Great people make great universities. The surest strategy for attracting and keeping the right people is having some already. Quality faculty, staff, and students want to work with the best minds in their fields.

For the immediate future, the most important thing we can do is retain the talent strength we already have. That is essential also to attracting younger talent. The answers to the retention problem, here and in other universities, are a variety of incentives. The standard ones include salary, fringe benefits, equipment, laboratory set-ups, graduate assistants, opportunities to participate in conferences and symposia, sabbaticals, low interest home mortgages, and other forms of improvements in the working conditions. You can see most of these examples in the materials on pages 48 to 51 in the blue section of your docket materials. This is why we need a substantial salary increase for faculty and staff; this is why we need funds to improve working conditions at the University.

Our biennial request includes a \$32 million increase for faculty and staff salaries, over and above the \$ 58 million it will require to stay even with projected real inflation rates of 5% per year for the next two years. Those increases are based on our best analyses of the competitive marketplace and a sensible plan for positioning the University in that marketplace.

That marketplace is best described as a moving target. Other states and other institutions make their salary decisions a different times. To make matters worse, the target itself cannot be defined to everyone's satisfaction all the time. The institutions with whom we really compete in the marketplace have a way of changing; new institutions decide to enter the fray; others find themselves in situations where they simply are no longer regarded as serious competition.

There is no simple comparison that works for everybody's definition of our competition. There's no single ranking that tells it all. There is a simple and disturbing commonality; the University of Minnesota has been losing ground -- whether we compare to the Big Ten, the fifty or so "research universities" in the Association of American Universities, or any number of other combinations that have been used in recent comparative studies. Whatever those studies show in rankings, the bottom line says that Minnesota needs both the 5% inflation adjustments and the proposed increase beyond inflation to make any kind of progress in competitiveness.

Status of the University Budget for the Next Biennium:

If I sound strident on the issue of faculty and staff salaries -- in a low key way -- it is because this is the most important item in what must be the most important University budget that state government has dealt with in this decade -- and the next.

The University did not receive an increase in its budget in the 1988 session for reasons that are all too clear in everybody's mind. Regardless of the reasons, it is a fact that as a result the University has begun to eat its seedcorn -- still a frightening image in a state like Minnesota, and to someone like me who grew up in a farming community. This is the seedcorn we need to sow:

...in undergraduate education so we can reap a rich harvest of student learning,

...in research so we can reap a rich harvest of scientific and technological knowledge and an equally rich harvest of the mature insight and understanding that is based on the humanities and the arts,

...in outreach and technology transfer so we can reap a rich harvest of economic, social, and cultural development,

..in short, so the State of Minnesota can go healthy, wealthy, and wise into the 21st century.

Let me remind you that it will take an increase of \$58 million over the Governor's original recommendation to take us to a standstill University budget -- adding only inflationary and other fixed increases. Even at \$17 million per vice presidential appointment, I will not have enough positions to fill before the legislative session is over to get anywhere near the funding we need. Somehow the message must get to our senators and representatives in the Legislature that we mean business -- effective business on behalf of the State:

that we are putting our house in order by recruiting an outstanding management team and by addressing all -- and I mean all -- of the

criticisms and recommendations that have been put forth over the last few months;

that we are "focusing" our energies on critical issues in undergraduate education, research development, outreach and technology transfer -- on exactly those things that we, the University of Minnesota, the research and land-grant university of the State, can do best, and in many ways uniquely;

that the University of Minnesota, joining with its partners in higher education -- the State Universities, the Community Colleges, the Technical Institutes, and the private colleges -- can position the State of Minnesota where it has been, and wants to be, in first place when it comes to providing a prosperous and humane environment for its citizens.

That we are focusing our energies on undergraduate education, research development, and outreach, extension, and technology transfer is demonstrated in our biennial request. This is not the time for a complete rehashing of the request details, but I must at least refer to some examples.

To improve **undergraduate education**, we are requesting:

- * \$4.9 million to restore the enrollment-related reduction
- * \$10 million for instructional equipment
- * \$12 million for instructional expenditures to improve our rank in the Big 10
- * \$2.9 million for minority programs
- * \$15 million for academic computing
- * \$9 million for libraries
- * \$5.8 million for curriculum enhancement, TA training, faculty development, and advising.

In **research development**, we are requesting:

- * \$1.9 million for program accommodation remodeling
- * \$20 million for laboratory equipment
- * \$14 million from indirect cost recoveries to stimulate more research activities
- * plus research-related increases in more than a dozen of the Special State Appropriations.

In **outreach, extension, and technology transfer**, we are requesting:

- * \$ 6.5 million for telecommunications
- * \$ 3.9 million for the Minnesota Extension Service
- * plus outreach-related increases in at least half of dozen of the State Special Appropriations.

These requests are direct reflections of our plans -- putting our case for priorities on the table for the support it will take to pursue them. And lest we pass over them without proper attention, I must point out that our

request includes something like \$52 million above projected inflation for the basic costs of operation and the basic support services -- in large measure, costs that will have to be paid regardless of the outcomes of the appropriation process.

Actions Taken in Response to Reports:

Our response to the several reports that have been produced over the last few months is very important. We have responded. We are responding. We will continue to respond. I have nevertheless noted with distress that the word does not seem to get out. I still hear, "When is the University going to respond?"

I have personally written to the Governor to report our responses to date, copying members of the Legislature. We have made several presentations before this Board and in the Legislature. We have hired an outside consultant, Jim Brinkerhoff, retired Vice President for Finance and Operations at the University of Michigan (also employed by the Governor's Blue Ribbon Commission), to help us determine that we are doing the right thing in regard to Physical Plant. We have already received from Touche Ross a first blueprint for the financial management system that will be installed. This was presented to the Board of Regents yesterday.

What else can we do?

I am proposing that the Board adopt a special resolution stating clearly to the Governor, the Legislature, and the people of the State that we have acted, or are determined to act, on all the criticisms and recommendations that have been brought forward in the Blue Ribbon Commission's Report, the Legislative Auditor's Report, and Dick Sauer's University Financial Review Committee Report. This ought to send a strong message to all concerned that we mean business -- effective business for the State.

The wording of the proposed resolution is as follows:

Whereas the Regents of the University of Minnesota have received the reports and recommendations of the Legislative Auditor, the Governor's Blue Ribbon Commission on Financial Management of the University of Minnesota, and the University Financial Review Committee, and

Whereas these reports and recommendations must be regarded as thoughtful and constructive advice on the governance, administration, and management of the University, and

Whereas the Board of Regents, the central administration, and the administration of Physical Plant Operations have already

taken action on many of the recommendations in the three reports, and

Whereas the remaining recommendations to be acted upon in the near future constitute helpful directions for the Board of Regents and the University administration,

Be it therefore resolved that the Board of Regents

(1) recognizes the contributions of the Legislative Auditor, the Governor's Blue Ribbon Commission, and the University Financial Review Committee,

(2) endorses, in principle, their recommendations as constructive guidance for action, and

(3) accepts the responsibility to report fully and widely on all actions taken by this Board and the University administration in response to all of the recommendations.

Organization of Central Administration:

Two diagrams have been appended to this report, one showing an outline of the "system" administration for the University of Minnesota, the other the campus administration for the Twin Cities Campus. As I have indicated earlier, I intend to request approval for designating two vice presidential positions as "senior vice presidents." My first request to do so accompanies the appointment of Mr. Gordon (Gus) Donhowe as Senior Vice President for Finance and Operations.

I am also requesting that the Academic Vice President be designated as the Senior Vice President for Academic Affairs (for the system) and Provost of the Twin Cities Campus. The purpose of these changes in title is to indicate that these two administrators provide leadership within the two major clusters of activity at the University, that of Academic Affairs and that of Finance and Operations.

In the academic area, the Vice Presidents for Health Sciences, Student Affairs, and Agriculture, Forestry, and Home Economics will report to the Senior Vice President for Academic Affairs. In addition, I am going to request that the title of Vice President for Research be added to that of the Dean of the Graduate School. I intend to make a specific recommendation on this matter at the March Board meeting.

Furthermore, as was proposed in academic plans prepared last year and approved by the Board of Regents last summer, I will add a new position, entitled Vice Provost for Arts, Sciences, and Engineering, with a reporting relationship directly to the Provost. The purpose of this position would be to strengthen the representation of the College of Liberal Arts, the Institute of

Technology, the College of Biological Sciences, and the General College in central administration, and to provide leadership in the development of programs across collegiate lines, especially general education programs.

The deans of the colleges I just mentioned would retain all of their current responsibilities, but would report to the Vice Provost, in the same way as clusters of deans report to the Vice Presidents for Health Sciences and Agriculture, Forestry, and Home Economics. The experience has been positive in these areas; I expect it will be in this new case as well. The remaining professional colleges, Education, The Carlson School of Management, the Law School, and the Humphrey Institute, would continue to report directly to the Provost.

A new vice presidential position would also be added in the area of Finance and Operations, viz., a Vice President for Administration. This is in accordance with the recommendations brought forward by the Governor's Blue Ribbon Commission. This Vice President would be responsible for a broad spectrum of "operations" in the University, including Physical Plant and Personnel.

I am requesting permission now to initiate recruitment on the new position for the Vice Provost for Arts, Sciences, and Engineering. At the March meeting, I will be requesting your approval for the entire package of title and responsibility changes in the administrative structure I am developing. That may include a proposal we are discussing in the President's Cabinet to provide leadership and integration in the area of information services.

I would also like to report to the Board, although no Regental action is required, that I have established a **President's Cabinet** consisting of the President, the Chancellors, and the Vice Presidents, under the chairmanship of the President. This group will meet twice a month to deal with issues in the following categories: 1) policy, 2) planning, 3) budget, 4) development of biennial requests, and 5) current issues. The Secretary to the Board of Regents will also attend Cabinet meetings.

Twin Cities Campus issues will be dealt with in a **Provost's Council**, consisting of the Vice Presidents and under the chairmanship of the Provost. This group will meet with the President three times a month.

Finally, a **Resource Committee** will be established, consisting of the President and the two Senior Vice Presidents. This committee will be chaired by the Senior Vice President for Finance and Operations. The Chancellors and the other Vice Presidents will be invited to attend any meeting of this committee as they desire and will be invited to attend on any issue of special interest to their respective areas. Agendas and minutes will be distributed to all members of the President's Cabinet and to the Secretary to the Board of Regents. The purpose of this committee will be to coordinate and make decisions concerning resource allocations of a more

routine nature, within the framework established by Regents' policy and the annual budget. Any issues of greater significance will be referred to the President's Cabinet for discussion and final recommendation to the President and/or the Board of Regents as required.

While I believe that the proposed organization is functional, I should stress that I am prepared to evaluate this structure continuously and to make changes as deemed necessary. Since it is of the essence that the institution move forward with important recruitment activities and other important decisions, I have made these relatively quick decisions concerning organization. My decisions and recommendations are based on consultation with the Faculty Consultative Committee, the Deans, the Chancellors, and the Vice Presidents.

Proposition 42:

There is one further topic I would like to address at this time. The NCAA's Proposition 42 has prompted considerable controversy, and I think it is appropriate for me to express my views on the issue.

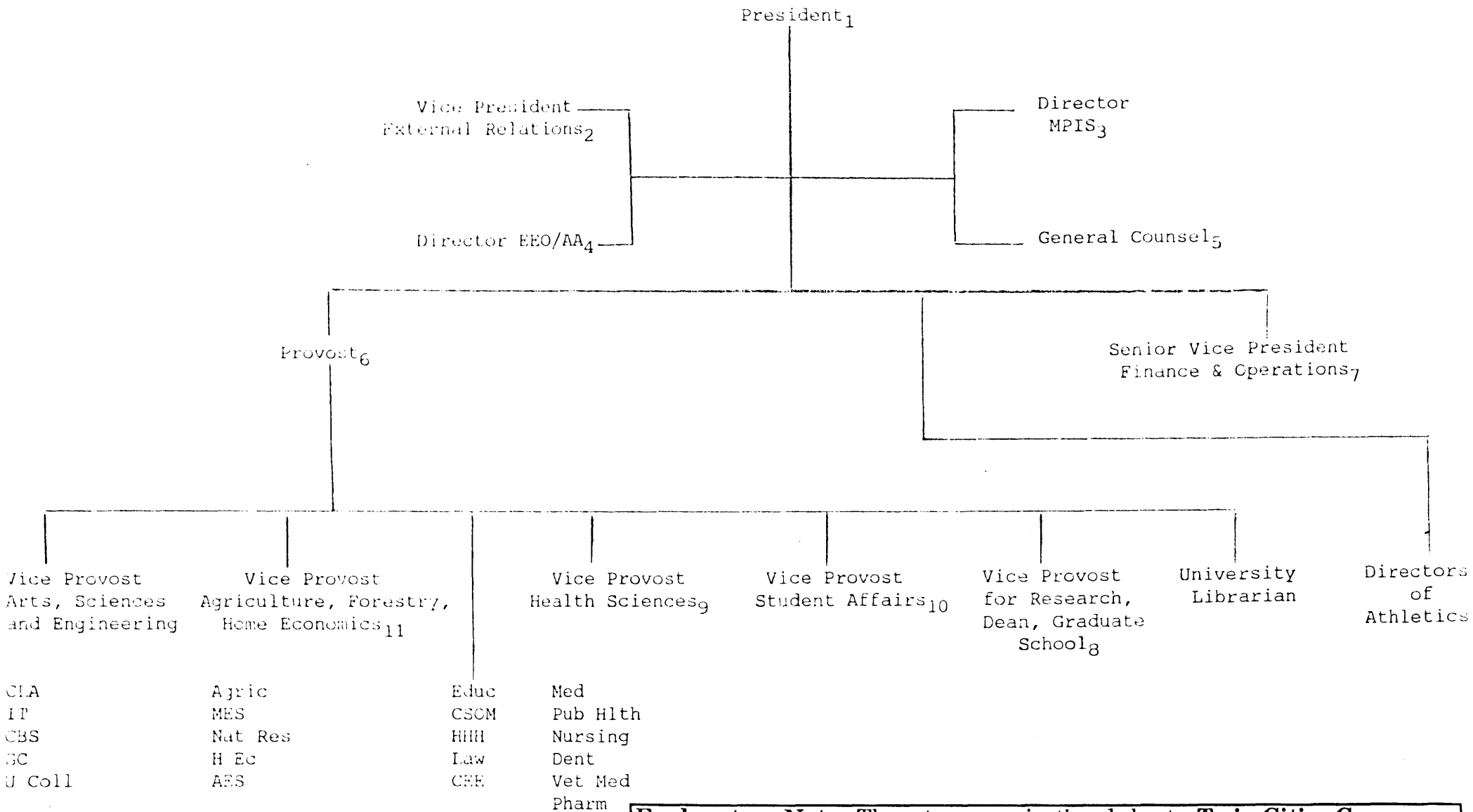
The intent of Proposition 42 is to prohibit prospective student athletes who fail to meet specified eligibility requirements from receiving athletic-based financial assistance during their first year in college. The controversy over this issue has primarily centered around fairness to minority students. There are several points I would like to make regarding the controversy:

1. The University of Minnesota voted "no" on Proposition 42 both times at the recent NCAA conventions. The "no" vote was cast primarily because of the belief that it is premature until the first Proposition 48 students would have been in school at least four years, which would be June, 1990.
2. While this University cast a "no" vote, I believe it would not be prudent to aggressively seek a rescinding of Proposition 42. (It did pass.) The intention of Proposition 42 is consistent with the emphasis this institution places on academic achievement. While one has to take in account the way achievement is measured and the validity of standardized testing, it is simply not acceptable to lower academic preparation when a prospective student is an outstanding athlete.
3. Questions about discrimination must always be taken very seriously. It is important that we continue to scrutinize the standardized tests and to assess eligibility, and that we continue to improve our ability to predict academic success without socioeconomic bias. I should also point out that the ruling does not, in fact, exclude students from **need-based** financial aid. It does affect eligibility for **athletic-based** aid. That is an important distinction in making a judgment on the impact this ruling will have on educational access.

In summary, I want to report that members of our own Assembly Committee on Intercollegiate Athletics are looking creatively for ways that Proposition 42 might be modified to make it both practical and consistent with our standards for student athletes.

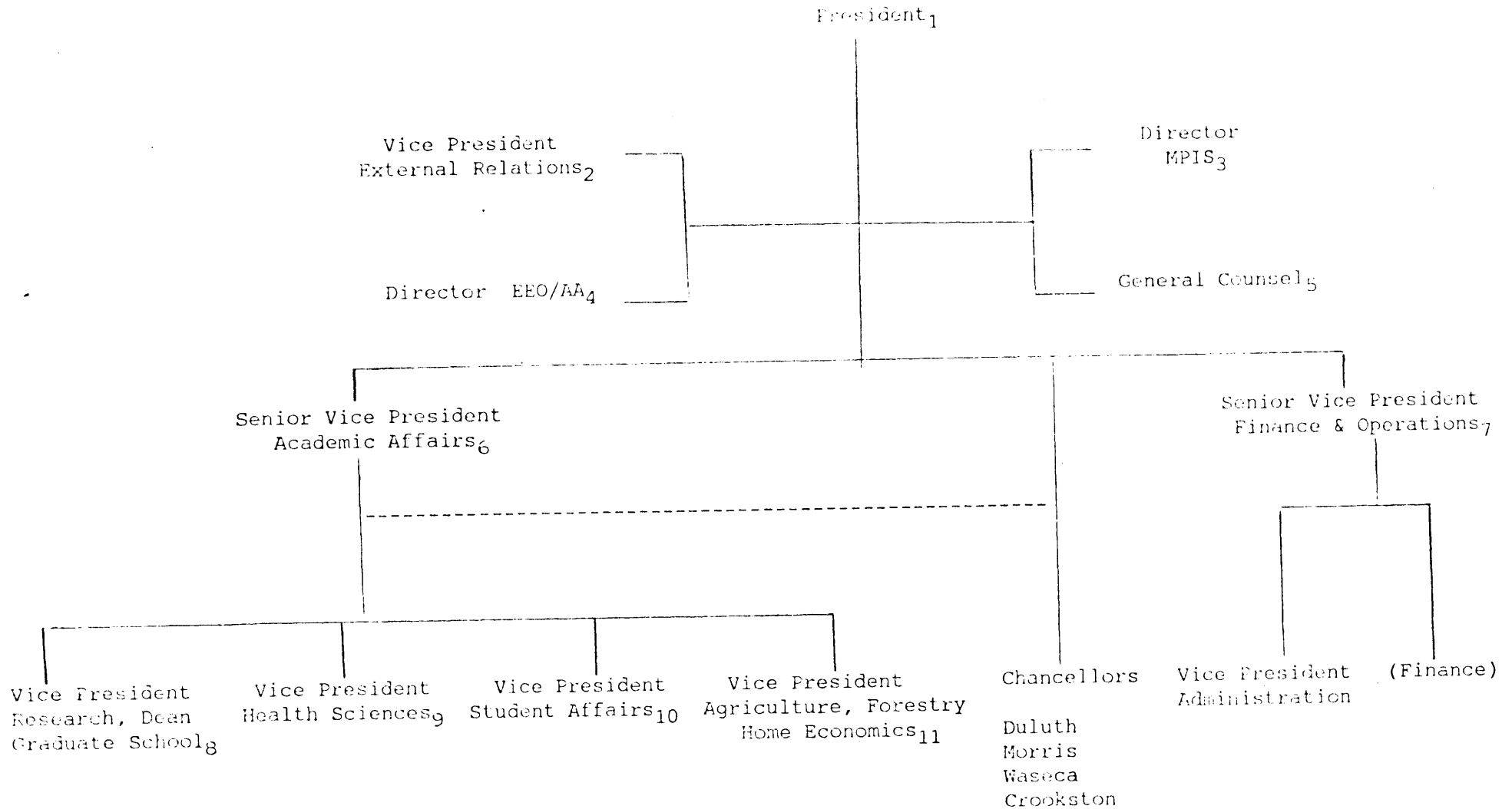
Thank you for bearing with me as I presented this lengthy report. We have a rich agenda, and action is being taken. Your support and encouragement are much appreciated.

UNIVERSITY OF MINNESOTA -- TWIN CITIES ORGANIZATION



Explanatory Note: These two organizational charts, **Twin Cities Campus Organization** and **System Organization**, describe several cases where one individual carries two titles, one for the University system, and one for the Twin Cities Campus. These cases are marked with numbers on both charts. For example, number 6 indicates that the Senior Vice President for Academic Affairs (system) also serves as Provost of the Twin Cities Campus.

UNIVERSITY OF MINNESOTA -- SYSTEM ORGANIZATION



Explanatory Note: These two organizational charts, **Twin Cities Campus Organization** and **System Organization**, describe several cases where one individual carries two titles, one for the University system, and one for the Twin Cities Campus. These cases are marked with numbers on both charts. For example, number 6 indicates that the Senior Vice President for Academic Affairs (system) also serves as Provost of the Twin Cities Campus.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
March 10, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, two months ago I promised you a "report card" at today's meeting -- not a final report, but at least an accounting of the University's progress on six "action agendas:"

**Accountability
Managerial Effectiveness
Governance and Administration
Undergraduate Education
Research Development
Outreach, Extension, and Technology Transfer.**

Last month, among other topics, I reported on the groups that were at work developing the raw materials for each topic, and today I know I can speak for all of us involved by saying we could use much more time and many more pages to do justice to these topics.

Having said that, I will try my hand at a reasonable, but imperfect summary today. We have complex topics, intricately interwoven, to communicate to many audiences.

The six action agendas present their own, quite different, challenges for summarizing and communicating. The **accountability** agenda involves a University-wide commitment, plus specific action agendas for management accountability, mission accountability, and accountability for diversity.

The **managerial effectiveness** and **governance/administration** agendas can be, in essence, lumped together as "management" issues, and they involve much of that whole complex of actions taken in response to the studies and audits of 1988.

The last three, **undergraduate education, research development, and outreach, extension, and technology transfer**, involve some specific actions, but a true status report on where we stand on these land-grant mission programs has to get into the substance of the programs.

Those of us who care deeply about the University and what it can mean to the State of Minnesota want the people to hear "the positive stories" about the University, and I'm glad to say that we do, indeed, have positive stories to tell today, and we have a short version and a longer version.

The cover page of the short version carries the following message:

"President's Report to the People of Minnesota

My progress report to the people of Minnesota, after my two months as president of your University, comes down to three basic messages:

The University of Minnesota promises you a higher standard of public accountability. That means more and better information, openly shared with you and your elected representatives, on what we do, why we do it, and what it means to you. This progress report is a start.

The University of Minnesota promises a complete, appropriate response to the recommendations that emerged from the administration and management studies and audits of 1988. Most of the actions have already been taken, and we're working on the rest.

The University of Minnesota's mission – the reason you have a University in the first place – is teaching, research, and public service. Maintaining and improving the quality of those fundamental programs continues to be our most important promise for Minnesota's future.

This is the University of Minnesota, not a university in Minnesota. It has been vital to Minnesota's quality of life in the past. It will be even more vital to Minnesota's future in an increasingly competitive world. It has been one of this State's best investments, and a higher standard of accountability means that we will demonstrate why an even better University is an important investment in Minnesota's future.

I wanted this progress report to concentrate on actions -- actions we have already taken and actions we will be taking in the immediate future. You deserve to know that we have an action agenda that addresses the challenges we face, and you deserve to know where we are on that agenda.

By its nature, the action agenda is made up of plans, policies, and processes that affect how the University works. The work of the University is made up of people and programs delivering teaching, research, and public service. This progress report will barely scratch the surface, but it has clearly demonstrated how much there is to be done to report adequately on the programs and their results.

Nils Hasselmo
March 10, 1989"

I wanted to reprint that message here to underscore a key point. I am not prepared to make an elegant new pronouncement this morning that defines the "Nils Hasselmo vision" or redefines "Commitment to Focus" in some new and dramatic way.

The University of Minnesota has been engaged in systematic program review and planning for more than a decade. That institutional process has produced extremely important evolutionary change over the last decade, and it must continue to do so over the next. Any sensible analysis says that the fundamental strengths of any university must be in its people and academic programs. It simply follows that good planning only produces good institutional change when that planning is firmly grounded in the people and programs.

I was directly involved in the early stages of setting the University's current course of direction. I have returned after five years that have given me a new perspective on Minnesota's progress. Five years ago, I knew as well as anyone where the University's planning was headed. Returning after five years, I may see the composite change more easily than those who have been experiencing the day-to-day, month-to-month, year-to-year progression of smaller changes.

What I see after five years is more rapid change than I would have predicted in 1983, but not in any fundamentally different directions.

I see a University that has begun to address the fundamental relationship between responsibilities and resources -- spelling quality; a University that has begun to define itself more clearly in the context of the total higher education system of the State -- spelling focus; a University that has begun to fulfill its mission in even closer cooperation with other public and private institutions of higher education, and with State government and the private sector -- spelling a new partnership.

What I also see now is broader discussion and debate than University planning commanded in 1983 -- which is very encouraging -- but not necessarily broader understanding -- which is very challenging, since that is one of the primary responsibilities I accept for the "Hasselmo presidency."

What I am prepared to say about my plans is that accountability is rule number one in my administration, not just accounting for the dollars, but accounting for the teaching, research, and service -- the work we do, why we do it, how we can do it better, and what difference it makes.

I must make it clear that the stage for improving accountability was already set by Interim President Richard J. Sauer.

He traveled extensively throughout the State to report to the public, both on the University's developing responses to the studies and audits of 1988, and

on the health of the University's teaching, research, and public service activities.

He established and chaired the University Financial Review Committee, bringing key State government and University representatives together "to develop a comprehensive report on the University's financial condition, and to develop recommendations for any changes that should be made in the State government's regular review of University financial information."

Generally -- and perhaps most importantly -- he set a tone for his administration that pushed accountability and communication to the forefront, and I fully intend to build on that foundation.

My reports to the Board in January and February and the wider dissemination of those reports to campus audiences, the media, and State officials have, I hope, signalled the intensified accountability efforts we are making. This progress report is the next stage, and there will be more.

As of March 10, 1989, most of the action responses by the University have been taken, a few of the recommendations have been rejected in favor of more appropriate actions that meet the intent of the recommendations, and those that remain on the agenda are in process and on schedule. The Board of Regents resolution approved in February reaffirms clearly and positively that the University must "report fully and widely on all actions taken by this Board and the University administration in response to all of the recommendations."

There is more detailed information in the full report, but for this morning's discussion, the summary provides the major highlights of the accountability report:



Accountability

Management Accountability

- ☐ Appointing an audit compliance officer to ensure that audit recommendations are implemented.
- ☒ Reporting results of all internal audits directly to the regents' audit committee.
- ☒ Requiring regents' approval for all changes in the central reserves annual spending plan that exceed \$100,000.
- ☐ Will add staff to the internal auditing department, which currently conducts 20 major audits a year.
- ☒ Will report annually to the legislature a summary of all funds and expenditures.

Mission Accountability

- ☐ Developing a detailed plan for better communicating the central activities of the University—teaching, research, and public service—to the people of the state.
- ☐ Beginning a new effort to explain academic planning (Commitment to Focus) objectives to the public.
- ☒ Continuing the ongoing cycle of comprehensive academic program reviews.
- ☐ Tracking freshmen and transfer students to assess success of University programs.
- ☐ Participating in a national freshman survey to monitor students' expectations, experiences, values, and interests to better tailor services to students' needs.
- ☐ Will expand to the entire University a student complaint hotline system.

- ☐ Will conduct surveys of graduates to determine University experiences that helped or hurt them in the job market.

Accountability for Diversity: Women and Minorities

- ☒ Developed Project Technology Power and the Talented Youth Mathematics Program to increase the number of females and minorities in mathematics, sciences, and engineering.
- ☒ Studied minority issues and programs through a group known as the Taborn committee.
- ☒ Named, as a result of the Taborn report, an associate vice president for academic affairs with responsibility for minority affairs, including recruiting and retention of minority faculty and students.
- ☐ Establishing a new task force to assist the minority affairs associate VP as she works to coordinate and improve resources for students of color.
- ☒ Named a special assistant to the vice president for academic affairs to improve the working environment for women faculty members and administrators.

Accountability is rule number one in my administration: not just accounting for the dollars, but also accounting for teaching, research, and service—for the work we do, why we do it, how we can do it better, and what difference it makes.

Nils Hasselmo

President Nils Hasselmo
March 10, 1989

Before I turn to Dr. Clark for the teaching/research/service mission reports, I want to comment **issues and programs concerning women and minority faculty, staff, and students.**

An earlier planning document, the "Taborn Report," involved an extensive study of minority issues and programs. The key action coming out of that report was the establishment of the Office of the Associate Vice President for Academic Affairs and Associate Vice Provost with responsibility for Minority Affairs. That action has been taken, and the position has been filled. That action signals our determination to achieve the diversity that the University community must have.

We do not need more study. The action agenda is on the table, and to assist this office in carrying out the actions, I am establishing a University-wide task force comprised of deans, department chairs, central administrators, faculty, and students to:

- o **improve resources for undergraduate and graduate students of color,**
- o **develop the opportunities made possible by the proposed "common point of entry" for recruiting students of color and helping them to have successful University careers,**
- o **coordinate the development of programs for students of color on all campuses to make sure we share ideas and avoid duplication,**
- o **develop incentives for faculty involvement in these initiatives, and**
- o **assure that these initiatives are communicated effectively to the various communities to whom we are accountable.**

I expect this task force to be in place for three years, and a full evaluation of its activities will be completed by the end of the 1993-94 academic year.

The three reports on **undergraduate education, research development, and outreach, extension, and technology transfer** were far more difficult to assemble. Their "action agendas" are far more complex and reflect a far longer time frame, both into the past and into the future. The University's serious attention to institutional planning goes back at least to 1971, when the Senate Committee on Resources and Planning published "Toward 1985 and Beyond."

Much of the action agenda in the general area of outreach was really written in 1976 by the Study Group on Outreach, chaired by Al Linck. Much of the research development and technology transfer agenda dates back to the reports of the task forces on "Higher Education and the Economy of the State" in 1983 and the "Quality of Graduate Education and Research" in 1984.

Because of this longer history, much of the information we have put together in the three academic areas in the last few weeks describes or reflects the cumulative results of a series of actions. This is important. We are building on a firm foundation. We are proceeding in a thoughtful manner to serve the State even better in teaching, research, and public service. We are not veering off in directions alien to the mission of this institution as a major research and land-grant university. We are committed to a focus on quality within our traditional mission.

With that introduction, I'd like to turn to Dr. Clark for her comments on the undergraduate education, research development, and outreach, extension, and technology transfer reports.



Undergraduate Education Mission

- ☒ Awarded 5,834 undergraduate degrees across five campuses in 1987-88.

Curriculum Improvements

- ☐ Planning active approaches to learning, writing, critical thinking.
- ☐ Increasing opportunities for internships and study abroad.
- ☒ Introduced Project Prosper on the Morris campus fall 1988: changes include a small "inquiry" course for all freshmen during their first quarter and a performance requirement in the arts.
- ☐ Beginning Project Sunrise—a totally new curriculum—in the College of Agriculture on the Twin Cities campus fall 1989.
- ☐ Conducting a one-year freshman core curriculum experiment in the College of Liberal Arts on the Duluth campus.

Recognition and Support for Teaching

- ☒ Honoring faculty members with the Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education, a recognition program now in its 25th year.
- ☒ Supporting faculty efforts to integrate their research and creative activities with their undergraduate classes through Bush Sabbaticals. More than 175 faculty members have received Bush Sabbaticals, and funds will be available for 20 more in the 1989-90 academic year.

- ☒ Encouraging undergraduates to participate in research. Continuing to expand beyond 300 the number of students in our nationally recognized Undergraduate Research Opportunities Program, in which students work closely with professors.

- ☒ Expanding training workshops for teaching assistants (TAs) and strengthening the requirement that all foreign TAs demonstrate proficiency in English.

- ☐ Targeting the largest classes on the Twin Cities campus for improvement in teaching approaches.

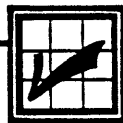
Admitting, Advising, and Supporting Our Students

- ☐ Simplifying admissions procedures so that all Twin Cities campus students are admitted via a single procedure.
- ☐ Personalizing and increasing advising through new peer adviser and expanded freshman orientation programs.
- ☐ Assessing student progress toward and through graduation to determine what improvements are needed in curriculum, services, and student support.
- ☐ Incorporating into students' academic records courses transferred from Continuing Education and Extension and from other schools.
- ☐ Renovating 1,200 student study spaces on the Twin Cities campus and remodeling 21 classrooms between 1988 and 1990.



Research Mission

- ☒ Faculty attracted \$180 million in research funds in 1988. Those funds permit continued investigation on issues of significance to Minnesota:
 - UM Heart Study is tracing changes in heart disease and survival rates to provide insights into the effectiveness of new approaches in treatment and prevention, including designation on restaurant menus of healthy foods.
 - The Center for Interfacial Engineering is investigating the structure of conducting polymers, which may lead to improved microelectronic devices.
 - The Plasma Center is working with methods of synthesizing new superconducting compounds.
 - Water researchers are gaining a new understanding of connections between agricultural practices and groundwater pollution to find ways to protect groundwater.
 - Scholars in cognitive sciences and artificial intelligence are testing new theories on how the brain processes visual stimuli, which may lead to a machine that can truly "see."
 - Historians are uncovering new information on how women have shaped the role of public policy over 200 years.
- Natural Resources Research Institute faculty in Duluth are working with the Greater Minnesota Corporation to stimulate economic growth and creation of jobs through applied research, technology transfer, and product development.
- Plant biologists are developing a new variety of higher protein corn—a potential boon for Minnesota farmers.
- ☒ Patented 24 faculty inventions in 1988 to place fourth among all American universities.
- ☒ Supporting our most talented young faculty by appointing them McKnight Land Grant Professors in a program that provides extra support for their research, increasing the likelihood that they will stay at the University of Minnesota.
- ☐ Expanding "seed money" programs for stimulating new research. These small grants attract outside funds—often in amounts 10 times the original investment.
- ☒ Establish the Minnesota Supercomputer Center, the most advanced academic supercomputing facility in the world, with access for University faculty and students, Minnesota companies, and other colleges and universities in the state.



Outreach Mission

- ☒ Offering 2,500 continuing education credit courses in 200 academic fields with emphasis on developing new graduate and professional programs for working adults.
- ☒ Enrolling Minnesotans from 85 of the state's 87 counties in independent study courses.
- ☒ Responded to last summer's drought in three weeks with Minnesota Extension Service (MES) education programs across the state. This followed a successful MES farm loan mediation program.
- ☒ Participating through MES in revitalizing rural Minnesota with an economic development program called Project Future.
- ☐ Proposing a state satellite communications system to broadcast courses, workshops, concerts, regents' meetings, and more to county extension offices and to anyone who has a satellite dish.
- ☒ Established LUMINA, a computerized card catalog for University Libraries, which lend more volumes around the state and nation than any other library—including the Library of Congress.
- ☐ Analyzing Minnesota tax policy—through our Hubert H. Humphrey Institute of Public Affairs—at the request of the state government.
- ☐ Accepted commission from the Greater Minnesota Corporation for food technology research on Minnesota crops at Crookston, Morris, and Waseca.
- ☐ Developing a computerized database (Minnesota Project Outreach) to link faculty expertise to small businesses around the state. No cost for the smallest companies.
- ☐ Expanding the Duluth campus School of Business and Economics survey of the Duluth economy to encompass all of northeastern Minnesota.
- ☒ Joined with the state and with the city of Minneapolis to form the Minnesota Technology Corridor, an organization charged with aiding the development of small, innovative Minnesota companies.
- ☒ Began Rochester Area Graduate Programs courses in computer science and electrical engineering fall 1988. Plans call for technology management classes to be added.

I must say that even the incomplete sampling of achievements we can present to you today is impressive. It assures me that I can document to any audience that gives me the time and attention that:

- o **improving undergraduate education is a genuine priority being actively and effectively pursued throughout the University of Minnesota,**
- o **research and graduate education programs have in fact been strengthened very considerably through actions growing out of the 1983/1984 task force reports and continuing in our subsequent planning,**
- o **the University has made dramatic progress in technology transfer programs, patents and licensing, and building new, productive relationships with private industry, and**
- o **the primary goals of stimulating outreach programs and integrating outreach activities with the teaching and research efforts of departments, colleges, and campuses have been met widely, creatively, and effectively.**

This is an impressive record, but the last few weeks' exercise in developing the teaching, research, and service progress reports has demonstrated that we must undertake a University-wide effort to build a much more comprehensive information base.

We have, as the old saying goes, "hidden too many lamps under a bushel." Part of the answer to that is the communications plan we will be discussing with the Board next month. Part of that plan, both short-term and long-term, is a more systematic program of gathering the raw material from the entire University of Minnesota system, and I have already initiated that process.

Now I'd like to turn to Gus Donhowe for his report on **management**:



Management

Finances

- ☒ Resolved by action of the Board of Regents to act on all criticisms and recommendations of the Governor's Blue Ribbon Commission on Financial Management, the legislative auditor's report on the physical plant, and the joint University/Legislative Financial Review Committee.
- ☒ Appointed former state finance commissioner Gus Donhowe to be senior vice president for finance and operations.
- ☒ Developed a blueprint for new financial management systems.
- ☒ Instituted a regents' policy on the appropriate level of central reserves, with monthly public reporting on reserve expenditures and balances.
- ☐ Proceeding immediately to select and install a computerized financial management system no later than June 1991.
- ☐ Implementing a new, comprehensive budget process.
- ☒ Providing annually to the governor and the legislature a complete report on all University of Minnesota finances.

Physical Plant Operations

- ☒ Developed and presented to the Board of Regents within eight days a comprehensive plan responding to all 58 recommendations of the legislative auditor's report.
- ☒ Implemented 33 of the recommendations by January—less than five months after the audit.

- ☒ Changed reporting relationships: Physical Plant Operations will report to the senior vice president for finance and operations.
- ☒ Hired a nationally known consultant to evaluate the University's response to the auditor's recommendations.
- ☐ Accepting responsibility to run a cost-efficient physical plant in line with those at comparable universities.

Organization

- ☒ Assigned management of the president's home to the office that oversees other Twin Cities campus residential facilities, working in collaboration with a regents' committee.
- ☒ Expanding the involvement of all campuses in decisions made by central administration.
- ☐ Including the chancellors from the four Greater Minnesota campuses in a new president's cabinet that will decide systemwide planning and budget issues.
- ☐ Will hold regular meetings of the president's cabinet on all campuses.

Effective Management

- ☒ Reviewing five key support units as the next step in strategic planning.
- ☐ Requiring all support programs, beginning May 1, to go through a five-year peer review and external review cycle similar to the academic accreditation process.
- ☐ Developing a training program for new academic administrators by the end of 1989.

This was intended as a progress report. As of March 10, 1989, I am pleased to say that I am completely satisfied that the University of Minnesota is working properly through its agendas. I accept the responsibility to make certain that continues, and I accept the challenge to spread the word.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
April 14, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, in my report to you in our February meeting, I spoke briefly about the MSPAN Project and promised a more extended discussion for today.

Before we get into that discussion, I'd like to comment briefly on three other items on this month's agenda and bring you up to date on administrative searches.

• University Communications Plan •

I said last month that accountability would be rule #1 in my administration. The draft communications plan presented this morning by Rick Heydinger is built around four basic objectives: communicating the University's **purpose and mission, performance and accomplishments, accountability and responsiveness, and value and payback**. In one word, they all come down to accountability.

That emphasis on accountability is underscored by the plan's recognition that communication must be a two-way process. The plan deals with the usual responsibilities of universities to produce communications -- print, broadcast, and face-to-face -- for both internal and external audiences, but it places greatly increased emphasis on listening to those audiences, and I believe that is critically important. We simply must know more about what those audiences know -- and want to know -- about the University, how they feel about the work we do, and what we need to do to respond to their concerns.

A major challenge for our communication is perhaps illustrated in that basic human impulse, "if it hasn't happened to me, it hasn't happened." If citizens don't know what we're doing, why we're doing it, and what difference it makes, we cannot expect their personal interest and support. We're faced, as you each know all too well, with a challenge that can never be fully met, but it surely must be met better.

We also face the challenges represented in the old saying, "can't see the forest for the trees." All of us in the University community, working with the complexities and the details of University programs and issues, run the very real risks of not seeing the University as others do, of making far too many assumptions about the interests and understanding that others may have.

Those are dangerous assumptions in many ways. We assume that our notions of what is important ought to be widely accepted, but why should we assume that if we haven't been willing to make the case? We assume that everybody reads the papers and hears the broadcast news -- and remembers all that information -- but that's folly. Everybody is rather selective about the news to be followed and the news to be ignored. I'm sure all of the Regents have had the experience of hearing complaints or praise about a campus that isn't even part of the University; that always makes one wonder about public information. On the other hand, making the assumption that the public, generally, is not informed is very wrong, and I'm equally sure each of you has had the experience of hearing highly informed comments from unexpected sources.

No communications program can succeed all the time and avoid all the problems. We all need to understand that. On the other hand, returning after five years' absence, I must say that I have been impressed by the progress that has obviously been made in improving University of Minnesota communications. We can implement this plan from a position of strength, but we must keep making progress, and we must pay much more attention to measuring that progress and making use of those measurements to improve the whole range of our communications efforts.

• Status of Central Administration Searches •

Accountability is also a controlling factor in setting up the administrative structure and finding the people who will make that structure work. Organizational charts don't make organizations work; people do. We talked about the administrative structure in February, and we took the first step to put the right person in the right place at the right time with Gus Donhowe's appointment as Senior Vice President for Finance and Operations. I'd like to report now on searches underway.

General Counsel Acting Vice President Cherie Perlmutter has agreed to chair the search committee, which is now being formed.

Vice Provost for the Arts, Sciences, and Engineering - Twin Cities Campus Dean William Gardner from the College of Education has agreed to chair the committee, also now being formed.

Vice President for Student Development We have begun the process of identifying a search committee and chair.

Senior Vice President for Academic Affairs and Provost, Twin Cities Campus The search is well underway, chaired by Professor Andrew Collins, and the deadline for nominations is April 28, with a May 1 deadline for applications. I've asked for candidate names by July 1.

Vice President for Health Sciences This search is also underway, chaired by Dr. Richard Caldecott. The committee has met but has not set deadlines. I hope to have the candidate names by late summer.

Vice President for Agriculture, Forestry, and Home Economics This search committee is chaired by Dean Paul Magee. They, too, have met but have not set deadlines, and I hope to have names by late summer.

Vice President for Research I have put the question of such a position on hold until we fill the three other positions vitally concerned with research, those of Senior Vice President for Academic Affairs, Vice President for Health Sciences, and Vice President for Agriculture, Forestry, and Home Economics. The Dean of the Graduate School has been added to the President's Cabinet, but without a change in responsibilities.

• Recognition of Student Athletes •

Accountability is also sharing the good news, and as we heard first thing this morning, the Women's and Men's Intercollegiate Athletics departments on the Twin Cities Campus have produced considerable good news this spring. We had the pleasure of honoring only some of those student-athletes in person this morning, but I've been keeping score, and the results are worth repeating:

Our women's swimming team won the Big Ten championship.

Our men's basketball team advanced to the NCAA's "sweet sixteen."

Our hockey team was went to finals in the NCAA championship.

Our wrestling team won two individual Big Ten championships, two wrestlers placed third, one placed sixth, and one placed eighth in the NCAA.

Our men's swimming team won Big Ten championships in ten events.

Our men's gymnastics team won Big Ten championships in one event and individual all-around.

And there will be more. University student-athletes are competing this week in NCAA tournaments in women's and men's gymnastics and men's swimming. There's good news in just qualifying for those tournaments, and I know you join me in wishing these young people

all the best in their competitions.

These results speak to real success in maintaining a well-rounded intercollegiate athletics program. It may be a fact of life that some sports command much more attention than others, but that hasn't stopped student-athletes from making tremendous individual and team efforts, and it hasn't stopped the coaches and the departments from making well-rounded programs a reality on this campus.

• Tuition •

We held a more detailed discussion of tuition policies earlier this morning, but I'd like to add a general comment on the policy change that I believe is the most productive for us to pursue in the immediate future.

The State's tuition policy may be an excellent example of the "forest and trees" problem I talked about in connection with the communication plan. Those who work closely on the details, year after year, may overlook the fact that most of today's students were in junior or senior high school when the State debated the "Shared Responsibility" tuition policy. For that matter, many of today's legislators, and many reporters, editors, and news directors were not involved then, either.

We can sit around this table talking about such clear policy options as "10% of CRTP," our jargon for taking a small step toward a set of tuition charges where every student would pay 33% of instructional costs -- and "instructional costs" is yet another technical term based on complicated definitions and analyses. But even when we are careful about these explanations, it's no wonder the issues and the political history of those issues are not widely understood.

This is not the time or place for me to try my hand at reconstructing the political history of the State's six-year-old tuition policy. There are, however, good arguments for taking a careful look once again at tuition policy and student financial aid policy.

Minnesota's tuition policy was designed to be comprehensive, covering all the post-secondary systems. It allowed one difference, setting a lower percentage for the Vocational-Technical Institutes, but the University, the State University, and the Community Colleges were set at the same rate. The key point for us to keep making is that the University of Minnesota is not the same as the State Universities and Community Colleges.

The University and the State have agreed that certain higher cost professional programs that are essential to the State should be offered only by the University. And it is a fact of life that these programs compete in the national and international marketplaces, not within the systems of higher

education in Minnesota. If we charge these students 33% of their instructional costs, we price the programs right out of the market. We simply have to charge less than 33% and make up the difference by charging other students more than 33%. That's not fair by any standards, especially Minnesota's.

This problem has been documented and discussed at length with the Legislature. To date, we haven't been able to solve it, but I still believe this is the most important policy change that we have any practical hope of making in the next two years.

There may well be good arguments for other changes, but I believe there is a general perception at the Capitol that Minnesota's tuition policy has been successful. Access was a primary goal of the policy, and the current enrollment figures certainly seem to reflect success on that score. My own assessment is that legislators may see the next two years as time for a tune-up, but not an overhaul. We must continue to lay the best possible foundation for such a tune-up, (a) by completing the analysis we have begun, informed by the discussion with the Board today, and (b) by making whatever internal adjustments in tuition charges that may be necessary to ensure the highest degree of fairness possible.

• MSPAN 2000 •

Accountability also means participating forthrightly in Minnesota's important public policy planning and decision-making, especially in higher education. The project called MSPAN 2000 is most certainly one where the University must be expected to stand up and be counted.

Just like "Commitment to Focus," MSPAN shows every indication of becoming a simple label for a complex effort that is anything but simple, meaning different things to different people. Before we start, I'd like to define some terms.

MSPAN 2000 is the acronym for the Minnesota Study of Postsecondary Access and Needs project, sponsored by the Minnesota Higher Education Coordinating Board. The first phase of the project has now been completed with the report titled "Maintaining Minnesota's Educational Advantage: An Analysis of Future Higher Education Needs and Alternative Strategies to Address Them in Minnesota," prepared for MHECB by SRI International, its subcontractor, MGT of America, and a number of special consultants.

There is already a considerable body of published documents in circulation, identified collectively as "the MSPAN report," even though there are several different documents from several different sources, and there will doubtless be more. Just to keep them straight, you now have:

"Maintaining Minnesota's Educational Advantage," the SRI report; you have seen both the second draft, dated January 18, 1989, and the final report dated February, 1989,

the "Executive Summary" of that report, both a working draft, dated January, 1989, and the final version, dated February, 1989,

"MSPAN 2000: Review and Comment" by the Higher Education Advisory Council, dated February 8, 1989,

and a one page "MSPAN 2000 Timetable."

I'm sure it will come as no surprise that there are now several more documents in circulation, including:

"MSPAN 2000: Review and Comment" by the Minnesota Higher Education Coordinating Board, dated February 15, 1989,

"Proposals on MSPAN 2000, Phase I" by the Minnesota Higher Education Coordinating Board, dated February 16, 1989, and

a few other drafts, summaries, and analyses, some legislative testimony, and a good deal of correspondence.

To this somewhat bewildering collection, we will be adding University of Minnesota "review and comment" materials, and I assume the other systems and the private institutions will be adding their own contributions. Where it is important, we will take care to identify which documents we are talking about, and we will make sure you have your own copies of any you want.

With that review of the literature out of the way, I'd like to begin the discussion with some general comments about the dangers of debating new initiatives when there are serious problems with Minnesota's financial support of existing programs and institutions.

Throughout the MSPAN materials, there is a veritable "mother lode" of educational issues and options that educators, special interest groups, and elected officials are eager to discuss and debate. However, also throughout these materials, there is a recurring and absolutely vital message that Minnesota's existing higher education structure needs a substantially increased investment of dollars to get its jobs done.

The calls for more financial support are clearly not calls for supporting everything in the status quo before moving on to new program options. That would be an undisciplined approach. Higher education in Minnesota knows full well that existing programs must and will be subjected to continuous scrutiny and accountability -- that priority choices must continue to be made. Higher education also knows full well that

adding new programs and trying to respond to new demands without proper attention to the basic health of institutions is traveling down a pot-holed road that we've been down before. The new competition we face is a competition based on quality, and we cannot avoid that fact of life.

The inherent danger of the MSPAN discussions is that the program possibilities are far easier to discuss and debate than the more fundamental budget deficiencies, estimated in the report to be \$150 million a year. Those problems were recognized by educators and politicians long before MSPAN came along. But every recent legislative session has faced its own fiscal and political realities, responding with quite diverse and changing priorities, both short-term and long-term. Every session has chipped away at recognized funding needs in higher education, but it simply has not been politically possible to increase higher education's share of the total State tax revenues enough to match Minnesota's competition.

The 1989 Legislature will not be able to solve that problem. I do hope we will be able to continue to chip away at it. Realistically, that may well be the case in 1990 and 1991, much as we would like to see the quantum leap forward that the MSPAN report has identified as the need. Without that kind of breakthrough in the support of appropriate existing programs, we simply must be careful about adding new ones that the infrastructure isn't prepared to handle.

Another general problem -- one that MSPAN shares with many other studies of education -- is that the topics are extraordinarily broad and complex. I cannot imagine a study of post-secondary access and needs that would dare assert, "We've done this study; we know all the facts, all the questions, and all the answers." MSPAN's authors have not made that assertion; they are careful to point out that they had only five months to conduct their study. Their findings add valuable information to our public policy deliberations. They don't provide all the information needed. They don't provide a rigorous analysis of all the needs and the programs addressing those needs; they don't prescribe all the answers.

The University doesn't have all the answers, either. We are continuing to review the MSPAN documents and the testimony being presented. We are active participants in the discussions. This morning, I'd like to summarize the issues as I understand the MHECB recommendations and as I see the University's responses developing.

1. Funding of MSPAN Phase II: Greater Minnesota

The University of Minnesota endorses the MHECB proposal to seek legislative funding for Phase II. The second phase is a comprehensive review of statewide educational needs and a broader assessment of Phase I strategies. Its focus on Greater Minnesota will include the unique roles of our Crookston, Duluth, Morris, and Waseca campuses, through which the

University intends to be an active participant throughout the design, implementation, and review of the project.

Efforts are already underway on the Iron Range to explore "2+2" program possibilities involving UMD, Bemidji State University, the College of St. Scholastica, and Arrowhead Community College. The development of cooperative, non-competitive programs in that region would certainly be a positive step.

2. Development of a Strong Infrastructure

The University of Minnesota strongly endorses the recommendation that the 1989 Legislature focus on the critical needs of existing higher education programs. We regard adequate support for existing programs to be the highest priority of the MHECB and MSPAN proposals. Documented current needs for faculty salaries and staffing, instructional equipment, library resources, financial aid, funding formulas, and classroom and laboratory support services must be addressed before new and expanded services. Spreading already over-committed resources can only lead to further erosion of quality and undermine carefully developed academic planning.

3. Needs of Changing Student Populations

The University of Minnesota endorses some of the MHECB proposals, but has reservations about others. Minnesota's higher education systems, including the University, have been adapting to changing student populations for years, more extensively than the five-month Phase I study was able to inventory.

The distinction used in the report between "traditional" and "non-traditional" student populations has become increasingly artificial. In fact, if "traditional" means the 18-22 year old student pursuing a baccalaureate degree in four years, most University of Minnesota students would be defined as "non-traditional" today.

The University supports MHECB's recommendations for cooperation with the Minnesota Minority Education Partnership, for increased minority representation on governing boards, and for continuing efforts to serve minority communities, but the University has reservations about the \$150,000 request for an additional study. There have been enough studies, and those resources would be better spent on existing programs.

The University supports greater attention to the problems of minority students in the K-12 system; indeed, several University initiatives now have that emphasis.

The University endorses MHECB's continued attention to financial aid policies and problems, particularly for students in professional programs and the large numbers of students who are not "traditional."

4. Implementation of Commitment to Focus

The University of Minnesota endorses and appreciates MHECB's support for continuing the implementation of Commitment to Focus. A status report on our planning progress will be presented to the Board of Regents in May, 1989, and five of the six "key elements" cited in the SRI report have been implemented or are in progress:

- Management of undergraduate enrollments;
- Selective attention to high quality programs;
- Reduction in low priority programs;
- Increased undergraduate preparation requirements;
- Reorganization of major academic units.

The sixth "key element" is additional state funding. It is "in progress," but the progress made in recent legislative sessions has fallen short of the level necessary to pursue the University's planning goals effectively. By the end of the 1989 session, the University's planning and the State's abilities to provide financial support will reach the critical stage where further efforts to carry out a more focused mission will have to be re-examined in the light of predictable levels of budget support.

5. Twin Cities Undergraduate Needs

The University of Minnesota has reservations about MHECB's proposals on meeting Twin Cities undergraduate needs. The SRI conclusions may well be based on limited demographic analysis, and both the SRI and MHECB reports virtually ignore the University's current and future role in undergraduate education. Even with planned enrollment decreases, the Twin Cities Campus is and will continue to be the major source of undergraduate education in the Twin Cities area.

However, careful analysis of Twin Cities area demand for higher education must continue, and the short-term possibilities for "2+2" programs should be explored. Those possibilities include both University of Minnesota and State University System cooperation with the Community Colleges, and it is essential to avoid unnecessary duplication and to explore the program strengths that each of these systems could bring to 2+2 models.

The closeness of six community colleges to a major research university presents unique opportunities for offering students a rich and diverse program that could be targeted to individual needs. It may well be possible to design cooperative programs that are genuinely cost-effective.

Through Continuing Education and Extension, we are currently studying 2+2 pilot programs that could start as early as the fall of 1990.

6. Development of a "New Initiatives Fund"

The University of Minnesota endorses, with reservations, the recommendation to develop a "new initiatives Fund" to advance selected MSPAN strategies. The proposal needs more discussion of criteria and procedures for project approval, the balance between institutional priorities and those of an external agency, and alternative methods for encouraging new initiatives.

7. Urban Issues Agenda

The University of Minnesota endorses further attention by MHECB staff and the post-secondary systems to urban-related needs, but it is far too early to focus that attention on the development of a new "urban university" as a likely alternative to be pursued. At present, MHECB emphasis on articulation and transfer policies and the potential for 2+2 programs would be more productive.

"Urban universities" of the type featured in the SRI report are located in much larger metropolitan areas. Areas of more comparable size, where a research university exists, involve substantial urban emphasis in that university, and, indeed, Minnesota has been a long-standing model, dating back to the establishment of the General College in 1935 and the establishment of the Center for Urban and Regional Affairs more than twenty years ago. The University's urban teaching, research, and public service roles need to be better communicated and understood before plans for a new urban institution are considered seriously.

8. Practitioner-Oriented Degrees

The University of Minnesota endorses considerably more study of practitioner-oriented degrees. The University's President and Dean of the Graduate School serve on the committees of the national Council of Graduate Schools that are charged with fostering and overseeing a national assessment of master's degrees in graduate education. That assessment will be directly relevant to Minnesota's continuing discussion of the so-called "practitioner-oriented master's degree," but it should be recognized at the outset that the issues are neither simple nor clearly defined, and the solutions are potentially more expensive than many may assume.

The University offers 180 master's degree programs, 128 of which are "practitioner-oriented" in the sense that they prepare students for improved employment opportunities rather than research-oriented doctoral programs. In total, Minnesota is below the national average in master's degrees, but the University is above the national average in agriculture,

health sciences, and life sciences, very close to the national average in business and education, and below the national average in computer science, engineering, physical sciences, and public affairs.

Any effort to increase Minnesota's master's degree production needs to be based on careful analysis of the fields where increases are needed and the particular strengths of the private institutions, the State Universities, and the University of Minnesota, for addressing those needs cost-effectively. Meeting the needs with the highest level of quality for the least cost to the student and taxpayers must be the priority concern. In some cases, minor adjustments in the ways programs are delivered might well serve the needs more effectively than entirely new degree programs.

9. Science and Technology Needs

The University of Minnesota endorses MHECB's assessment that Minnesota suffers a major shortage of master's degree graduates in science and technology fields. A major cause is chronic and substantial underfunding of the Institute of Technology, and the University appreciates MHECB's recognition of this fact. This is an excellent illustration of a known funding problem for existing programs that should be addressed before initiating widespread new programs. Minnesota has already undertaken new programs at Duluth, St. Cloud, Mankato, Winona, and Rochester. Minnesota's production of science and technology master's degrees should also be analyzed in a five-state regional context. Given the higher costs of graduate education in most science and technology fields, all of these need further study than has been possible up to this point, and the alternative solutions should not be pre-judged as the planning effort develops in the next biennium.

10. Addressing Needs in St. Cloud

The University of Minnesota endorses MHECB's objectives to address the short term and long term needs in St. Cloud. We will look to the local and regional institutions for guidance on any changes in University of Minnesota involvement in cooperative efforts. University responses will be consistent with traditional responsibilities and Commitment to Focus principles to ensure mission differentiation, cost efficiency, and program quality.

11. Addressing Needs in Rochester

The University of Minnesota endorses MHECB's proposal to continue collaborative efforts in the Rochester area and to support the need for increased State support. The region is currently served by the 2+2 program and a number of public and private institutions for undergraduate education. At the graduate level, the University is playing a leadership role, complementary to that of the Mayo Graduate School, by providing selected technological and health care programs through on-site and

telecommunications courses. Any expansion of the University's role on either the undergraduate or graduate level will require additional State support, and there is such a request now pending before the Legislature.

12. Expansion of Proactive Planning

The University of Minnesota certainly endorses proactive planning, but it must not be ignored that good planning starts at the program delivery level and works its way up through departments, colleges, campuses, and systems, and then through coordinating and statewide decision-making bodies. Minnesota's higher education planning process has recognized this pattern and emphasized cooperative efforts rather than imposed plans. Increased proactive planning by MHECB as a state agency should continue that approach in order to make sure that those with programmatic responsibilities are properly involved from the outset.

New Telecommunications Technology

The SRI Report includes a number of important comments on the role of new technology to support new ways of delivering education to students. The MHECB's proposals touch on alternative delivery systems and telecommunications, but this area is not highlighted. I think it needs more attention as a topic that bridges both the Metropolitan Corridor and the Greater Minnesota phases of the MSPAN study.

We probably focus on the new telecommunications technologies as solution to distance problems, and obviously the Greater Minnesota phase of the study ought to look to telecommunications possibilities for just that reason. But telecommunications and electronic technologies have already demonstrated solutions to other problems than distance. They supplement instruction within a single classroom. They allow and support interdisciplinary activities within a campus and between campuses. They tie service providers to constituencies served, often in more convenient, user-friendly ways.

My point is that the new technologies are already part of meeting educational needs, both in the Metropolitan Corridor and in Greater Minnesota. They will certainly be part of improving educational efforts throughout the State. As we move through the discussion of MSPAN's implications for the Metropolitan Corridor, and as the plans are developed for the Greater Minnesota phase, I hope we can pay attention to the technological accomplishments already made and the new possibilities that are opening up now for coordinated, statewide efforts. It is obvious that telecommunications can bring the metropolitan area and Greater Minnesota closer together in many important ways beyond higher education, and that is an extremely worthy goal.

• The Budget •

Finally a word about the budget for the coming biennium, the all-important budget! Over the last three months, I have had an opportunity to interact with the Governor and with many of our legislators. I have been impressed by their interest and concern for education in general and for the University of Minnesota in particular.

I have had a number of opportunities, and so have my colleagues, to present the case for the University. We have made presentations concerning faculty salaries, improvements of instructional programs, the use of teaching assistants in classroom instruction, instructional equipment, libraries, research equipment, etc. etc.. We have tried to present the funding request of the University in the perspective of the many, many benefits to the citizens of the State that derive from the activities of the University. We have stressed the great importance of funding the various improvements that are the basic purpose of Commitment to Focus.

We have emphasized the increasingly competitive situation in which the University of Minnesota finds itself. Many other states have realized their future development depends in such fundamental respects on the quality of their major universities, and they have invested heavily in those institutions. We face serious shortages in academic disciplines that are of enormous importance to the future development of our economy, especially in science and engineering, but also in a number of disciplines ranging from the humanities to various professional fields.

The advantage the State of Minnesota enjoys by having a very strong research university must be fully exploited. It takes years of investment and institution building to establish universities of this quality. This quality can be lost very quickly, if allowed to erode. We have stressed that we cannot wait another biennium for a major infusion of funds; we must send a signal at this time that the University of Minnesota is going to assert itself very strongly among major universities in this country. This is the signal that is needed to retain our excellent faculty and staff, and to recruit the generation of scientists and scholars that is going to carry this institution and the State into the 21st century. We need to improve our salary situation; we need to improve the working conditions for our faculty and staff; and we need to improve the learning experience for the students who are getting ready to move into their productive years.

In order to achieve these enormously important objectives, the University must use available resources with maximum effectiveness. We have promised to be accountable and to manage effectively; we are working very hard to make sure we fulfill all expectations in that regard. But, for the next biennium we also need the budget increase that we have presented to the State's leaders. That funding is needed to strengthen areas of the University where we must meet our obligations as a land-grant institution.

It is needed to make some selective investments in programs of special importance and special strength. It is needed to keep faith with our dedicated faculty, staff, and students.

So, my report comes down to one single and simple message: the budget increase needed is \$100 million, and the time is now!

Please help us carry the message.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
May 12, 1989**

Madam Chair, Ladies and Gentlemen of the Board, since we have four new Regents who have not experienced the Nils Hasselmo sermons, I will explain for their benefit that I customarily make some use of the soapbox that is afforded me at this point in the agenda. I do believe that the "President's Report" is an appropriate opportunity to address important issues that may or may not be on the month's agenda, but deserve our attention as a policy-making body.

The first matter of importance is for me to formally welcome Regent Jean Keffeler, Regent Alan Page, Regent Mary Page, and Regent Darrin Roshia to the Board and to the University of Minnesota community. In a sense, we have been welcoming our four new members all week with a series of briefing sessions, but I have one more briefing message in case it hasn't been covered; you've started into six of the most rewarding years of your lives.

• Legislative Developments •

The legislature is still in session, so it is simply too early to comment with any specificity on the nature and strength of the signal that the 1989 appropriations will send, what that signal will mean for our 1989-90 annual budget, and what it might mean for our future. I will be ready to give the Board that kind of analysis next month.

I can say this morning that I do find a positive signal in the House and Senate bills. It is clearly not as strong as any of us would like -- as the momentum of University programs could certainly use -- but I am personally convinced that we have genuine friends in the Legislature who are doing their best in a tremendously constrained situation.

Seeing the original allocations made to the committees, then seeing the very uncomfortable adjustments being grappled with by the tax committees and the appropriation committees as the session winds down, it has never been more clear to me how vulnerable the programmatic spending decisions can be.

Both the Governor's budget and the Legislature's budget assumptions hang on the total revenue projected and the general policies on taxes. Those factors simply overpower any and all of the specific program decisions, however thoughtful, well-documented, and well-presented. Those factors set the outer boundaries of the rest of the process. If the rest of the process doesn't fit into those boundaries, it is simply made to fit.

Within those very real constraints, I believe the Education Divisions have both tried to support higher education in general and the University of Minnesota in particular. I believe they have tried to support our approach to balancing programs and resources, and I do not believe they will send us a signal to undertake a significant change in planning direction.

It is very clear, though, that the last few years of experience signal needs to refine tuition and enrollment policies -- to make those refinements through carefully developed mutual understandings between State government and the University. Some of those refinements have already been proposed, but not resolved, and resolution of them simply must be a high priority for the next biennium.

The first steps toward resolution are the papers on **Tuition** and **Enrollment Policy** that I commissioned after last month's discussion with the Board.

• Tuition Paper •

The first of these, the "Tuition Paper," was sent to the Board on May 4 by Senior Vice President Donhowe and discussed at this morning's meeting of the Committee of the Whole. It lays out a clear action agenda for the coming biennium:

- **Refine the instructional / non-instructional cost allocation process**
- **Address the undergraduate tuition subsidy of professional schools**
- **Provide a new financial aid program for professional school students**
- **Support increased funding of the State financial aid program**
- **Target institutional financial aid**
- **Study the effects of cost increases on students**
- **Examine pricing issues raised by the Tuition Study Group:**
 - **Introduce a single rate for upper division students?**
 - **Maintain tuition "banding" (charging no tuition for the 15th, 16th, and 17th credits)?**
 - **Use market considerations as the primary determinant for professional school tuition rates?**

These are undeniably the central tuition and financial aid issues facing the University, and we must address them around this table. Most, however, are shared issues with the other systems, MHECB, and State government.

They will not be resolved through unilateral action by the University, much as we might want to solve them here. Even those most directly relevant to the University alone must be resolved between the University and State government, and the rest must be resolved within the State's policy framework for all of public higher education.

In a nutshell, recent years of actual experience have revealed fine-tuning needs that weren't apparent when the original "Shared Responsibilities" State policy was designed. The whole notion of higher tuition coupled with higher student financial aid must be re-examined in the light of the realities of students' total costs of attendance, the effects of State policies on actual student behaviors, and the whole complex of cost and competition developments around the country.

Also, we face fundamental questions about the quality of access, far more difficult to work into State policy than access alone. We did not have all the answers when the "Shared Responsibilities" policy was put into law. We don't have them all now, but we know more now than we did then, and it's essential to make use of what we know and what we can find out in the immediate future.

• Enrollment Policy •

Next month, we will be presenting to you a draft of an "Enrollment Policy" paper, another example where the actual experience of the last few years shows needs for refinements. What we have experienced is different from what we predicted. We were not able to predict the increase in college-going rates. Nor were we able to predict the effects of program improvements aimed at increasing student retention in general, and specifically in the recruitment and retention of minority students, where we have adopted the goal of improving retention by 50% by 1994. Those kinds of differences need to be taken into account, now that we have better information and more definitive plans.

We put into place general guidelines; now we need to be more precise. For example, when the 1987 Legislature supported Commitment to Focus by capping Average Cost Funding appropriations on the basis of anticipated enrollment decreases, it was clear that the University intended the enrollment decreases to occur on the Twin Cities Campus, not at Crookston, Duluth, Morris, and Waseca. University officials testified to that effect.

In the rider language in the 1987 bill, however, the Twin Cities enrollment decreases were factored into University-wide, total enrollment projections. The totals appear in the bill, so it was not clear in the language that the decreases were intended only for the Twin Cities Campus. More important, using a University-wide number has the potential effect of mandating even further Twin Cities Campus decreases for any increases

that might occur on the Coordinate Campuses, which was neither University nor legislative intent. This needs to be clarified.

The whole point of enrollment management has been to balance programs against the resources available to conduct them properly. University-wide total enrollments -- even campus enrollments -- are too broad a measure to use in managing that program/resources balance. The experience now gained, plus continued study of trends and effects, should provide the basis for a much more refined approach to enrollment management in the future. That's next month's discussion.

• Implications for Commitment to Focus •

Two years ago, the Legislature's appropriations bill was described as "giving us the green light -- but not a lot of gas." As we wind up the 1989 session, I think it's fair to say the light's still green; we have been given some gas, although we certainly haven't topped off the tank, and there won't be any throttle to the floor in the next biennium.

We obviously will not have all the State resources we need to carry out all our plans, but the signal I hear is to keep going the way we've been going. The funding limitations, the tuition and financial aid issues we discussed this morning, and the enrollment management issues we will discuss next month are all important policy factors, but they are not demanding major changes in institutional direction.

The attached report tries to put Ken Keller's February 8, 1985, "Commitment to Focus" report -- call it "Commitment to Focus, the document" -- into the much larger context of University planning, the five years preceding that report and the five years since. Whether intended or not, whether helpful or harmful to understanding, "Commitment to Focus" has become the "street name," on and off campus, for that entire ten years of academic planning.

I recognize fully that the distinctions between the 1985 document and the 1979 - 1989 decade of planning are not the sort of things that keep most citizens awake at night. For those of us who must deal with the specifics, though, I do think it's important to understand the historical record and keep that record straight.

The 1985 "Commitment to Focus" report was not called an "action agenda," but that's exactly what it was. It was a status report on planning, followed by a specific, twenty-point action agenda.

My commitment to accountability makes me treat an action agenda as a checklist waiting to be filled out. I think it's important for the Board to know now that the "Commitment to Focus" checklist has, indeed, been filled out. The specific proposals of 1985 have all been addressed. The actions have either been taken or are being taken. Certainly several are

longer term processes that nobody would regard as fully completed, but I think it is clear that the actions have been taken to get those processes underway.

"Commitment to Focus, the academic planning process" continues, and both the policy signals and the appropriations signals from the 1989 session support staying on course. Those signals also tell us we have much to do in the next biennium to fine-tune the State policies, to make the choices we must make, to reinvigorate the inter-system coordination discussions, and to build a much stronger political case for the State's investment in higher education.

• The National Context •

Immediately after our April meeting, I attended a three-day meeting of the Association of American Universities, comprised of the 57 major research universities, public and private, in North America. It's always fascinating to see how many of them are facing essentially the same problems and the same sets of options. This year, I found it especially interesting to see the sense of "community" among the membership, particularly as research universities consider their roles in the national and international economy and its marketplace of talent.

There is far more common ground than you might assume. For one thing, what we call "commitment to focus" is very widely shared -- and not just among the public institutions. Discussions I heard among AAU presidents were mirrored in a New York Times story that ran in this Wednesday's Star Tribune, describing very familiar efforts to balance programs and budget resources at private institutions like Johns Hopkins, Columbia, and Washington University.

Public and private research universities alike face the challenge of capturing a more prominent place on the national agenda. AAU institutions, by any analysis, are primary sources of American research and development, primary providers of the talent to carry out both.

The high visibility fields -- biological and biomedical research, the environment, the space program, superconductivity and microelectronics -- are almost universally listed among the research universities' priorities and potential payoffs. But universal concern is also expressed that for the sake of the intellectual health and social, political, and physical well-being of the nation, we must maintain and develop our scientific and scholarly capabilities across the entire spectrum of the natural sciences, social and behavioral sciences, and the humanities and fine arts.

Equally universal as AAU concerns are the problems of maintaining and developing the talent pool, recruiting and retaining faculty in the face of projected retirements and unparalleled competition, and modernizing academic facilities and equipment.

What the research university community confronts at the national level, what many public research universities confront at their state levels, and even what the prestigious private institutions confront with their traditional sources of funding, is essentially the same basic set of problems.

- **We are in a society that says it understands that education and research investments pay off, both in the short-term and in the long-term.**
- **But the national government, many state governments, and many private organizations supporting higher education are faced with budget deficits, budget problems, and pressures for immediate budgeting/investment results.**
- **Neither public nor private decision-makers have figured out how to juggle today's budget problem solutions with the longer-term education and research investments that most of them know full well will have a major effect on the budget problems of the future.**

Speaking to the National Academy of Sciences on April 25, Academy President Frank Press summed this up quoting U.S. Representative Robert Roe, Chairman of the House Science, Space, and Technology Committee: "The burden of the federal deficit requires not only spending austerity, but also a long term strategy to generate new wealth." That is just another way of putting the dilemma our own Legislature is facing as it tries to balance educational investments with other demands on State government, with tax relief, and with the State budget reserve.

The rational understanding of long-term investment pay-offs -- in dollars, in quality of life, in quality of thinking -- is simply up against the toughest kind of opponents:

in government, the political immediacy of the taxation and budgeting issues;

in the private sector, the enormous pressures to produce this year's healthy balance sheet, not next year's or the years' after.

Without the long-term strategies for generating new wealth, thoughtful leaders know that each year's budget crisis is doomed to repeat itself. Knowing that, unfortunately, is not knowing how to pull it off.

I don't have the answers, either. All I know is that **accountability must be part of the answer**. If we in universities are to serve the long range interests as we have in the past and can in the future, we have to take on more responsibility for carrying that message to the people. Regardless how well we think we have carried that message in the past, the clear reality is that we haven't done it well enough.

While I think the University of Minnesota has become one of the most effective research universities in communicating the return on investment message, we must do more, and the research university community must do more. A grand new national strategy won't be written by this university, but I can promise you that we will do what we can in the national discussions to help the Administration and the Congress develop something both far-sighted and feasible.

Most importantly, we will continue to emphasize the "bang for the buck" accountability with our own constituencies. Minnesota's elected representatives -- local, state, and national -- who will exercise leadership in developing and justifying the education and research investment strategy must be able to count on our help in making the case. They will have that help.

Finally, I was much encouraged at this spring's AAU meeting's attention to the issues of affirmative action and equal opportunity for women and minorities. I sensed a very strong consensus among the AAU presidents that higher education's response to the talent pool, recruitment, and retention challenges simply must look to the entire range of potential human resources.

I was encouraged to see that Minnesota's efforts are consistent with the most thoughtful efforts going on elsewhere. I was encouraged by the general consensus that research universities -- individually and as a national group -- must develop a more genuine sense of "community," unifying around common purposes and avoiding divisiveness as we find solutions and get on with the important work the research universities can do best.

Having said that, however, it was extremely troubling to hear some of the stories of racial tensions on campuses where such tensions are fundamentally contrary to academic values. It was painfully obvious that no universities have all the answers, but I can assure you that this one will continue to seek answers that can work here.

I will return to these national issues in various contexts over the next few months. I wanted to mention these discussions to provide you with some background for our own discussion of the issues from a University and State perspective. Clearly, the discussions we are having are part of a broad national debate about role of educational and research institutions in determining the future of this nation.

• Status of Searches •

We now have searches underway for six major positions within central administration:

Provost and Senior Vice President for Academic Affairs
 Vice Provost for Arts, Sciences, and Engineering
 Vice President for Health Sciences
 Vice President for Agriculture, Forestry, and Home Economics
 General Counsel
 Vice President for Student Affairs.

The search committee for the Vice President for Student Affairs has been named since I last reported to you, and I'm pleased to announce that C.L.A. Professor Carol Pazandak has agreed to chair that search. The title of this position as it's being advertised is Vice President for Student Affairs, rather than the current title of "Student Development." I will suggest that the department resume the more common title when the appointment of a permanent vice president is made.

As I've reported before, I'm hopeful that all of these central officers will be in place next fall.

• Police Department Report •

In the last week or so, you read about the report of former Minneapolis Police Chief Tony Bouza, who was hired to provide an assessment of the University Police Department. Mr. Bouza brought valuable professional police experience to this task, and he has provided us with a series of suggestions and recommendations. I want to assure you that the administration is studying that report, and that his recommendations will be taken into consideration as we carry out the planning for the coming year.

• U. S. Army Proposal •

We have submitted a proposal to the Department of the Army to establish a High Performance Computing and Research Center at the University. This proposal will be in the docket for next month, but I thought it would be appropriate for me to comment on some related policy issues.

This research proposal will help us develop computing sciences and related fields -- areas of high priority in the academic planning that we have just completed. It will also help us add to the capabilities of the Supercomputer Center. The proposed research involves collaboration with faculty at Howard University, Jackson State University, and Purdue University.

Any proposal submitted to the Department of Defense raises the question of whether classified research is involved. Both the Request for Proposals and our response made it absolutely clear that no classified research will be undertaken at the University, nor are there any requirements that restrict the prompt publication of research results in scientific journals and other publications. On both of these counts, the proposed research is in no way

distinguishable from other research activities undertaken by University researchers with support from other Federal agencies.

The proposal does involve, however, a subcontract with the Computer Sciences Corporation, an independent private vendor, which will provide user support and technical assistance to the Army at Army supercomputer centers and other Army facilities. Some of this externally contracted work will be classified, particularly as it pertains to training manuals or training procedures.

I know that some faculty and students may have strong convictions regarding the source of funds for research that is conducted at the University. However, it is vital that we do not compromise our faculty's academic rights to conduct research of their choosing, as long as it meets collegiate objectives and the terms of the agreement do not infringe upon established University policies. This is a position that has been traditionally held by this university and other major research universities, and one that I endorse and will continue to support for the University of Minnesota.

• More Awards •

Earlier this morning, we spent considerable time on an activity on which I don't think we could spend too much time -- recognizing achievements and awards earned by University of Minnesota people. Just to recapitulate, we recognized:

- Nine faculty recipients of the Morse -- Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education
- Three recipients of the John Tate Award for Undergraduate Academic Advising
- The 1989 University of Minnesota College Bowl Team, this year's winners of the College Bowl National Tournament
- The University of Minnesota Debate and Forensics Team, which placed sixth in the National Forensics Association Tournament
- Two faculty members appointed to the prestigious National Academy of Sciences, who join the University of Minnesota's twelve other current members of the Academy.
- Six members of the Twin Cities Campus Women's Golf Team, 1989 Big Ten Champions, and Coach Nancy Harris, Big Ten Coach of the Year
- Twelve members of the Twin Cities Campus Women's Gymnastics

Team, also 1989 Big Ten Champions.

After those recognitions, the Board took one of its most important personnel actions, conferring this University's highest faculty honor by appointing **Dr. L. E. Scriven as Regents' Professor of Chemical Engineering and Materials Science** and **Dr. George T. Wright as Regents' Professor of English**. The simple fact of the matter is that the quality of universities is determined by the quality of their faculties. We understand and value that fact, and we take great pleasure in recognizing faculty excellence. Today, Regents' Professor Scriven and Regents' Professor Wright join that most distinguished group of our very best.

That is a telling list of faculty and student achievements, in teaching, research, and service, in athletic and non-athletic competition. It's not the whole story of achievement at the University of Minnesota by any means, so it is a special pleasure for me to add yet another list of achievements, this time by Civil Service staff of the University.

Within the last few days, Board members received a letter from Vice President Heydinger, announcing an unprecedented list of awards from the Council for the Advancement and Support of Education and the International Association of Business Communicators to staff members in University Relations, Alumni Relations, and University Media Resources.

The 1989 CASE awards will not all be announced until June 1, but so far we have been informed of:

- **Four Gold Medal Awards:**

Best Article - Paul Dienhart, University Relations, in Update

Excellence in Periodical Writing - Paul Dienhart, Maureen Smith, and Jeanne Hanson, University Relations, in Update

Tabloid Publishing Program - Paul Dienhart, Maureen Smith, Pamela La Vigne, and Tom Foley, University Relations, for Update

Great Public Service Announcements of the Decade - Mary Kelley, Janis Pettit, and Jeff Stonehouse, University Media Resources, for "Hats Off," the 1987 television spot starring, with ten others, Regent Alan Page

- **The Grand Gold Medal Award for Best Tabloid Publishing Program to Update - Paul Dienhart, Maureen Smith, Pamela La Vigne, and Tom Foley, University Relations, judged by the staff of The Chronicle of Higher Education.**

- **Six Silver Medal Awards:**

Best Article - Maureen Smith, University Relations, in Update

Internal Periodicals - Maureen Smith, University Relations, for Faculty/Staff Update

Alumni Service to the Institution - Minnesota Alumni Association

Magazine Design - Jean Marie Hamilton, Alumni Relations, for Minnesota

Illustrations in Print - Two Silver Medal Awards - Jean Marie Hamilton, Alumni Relations, in Minnesota

- **One Bronze Medal Award, just announced this week:**

Special Events - Susan Casey, Alumni Relations, (and literally hundreds of volunteers) for "Just One U," our 1988 Homecoming events.

And last, but certainly not least, the International Association of Business Communicators has awarded its **Gold Quill Award** to **Paul Dienhart, University Relations** for **Best Article** in News, Marketing, and Interpretive Writing.

As Rick indicated in his letter to the Board, there is special satisfaction in these awards. They are judged by professional peers in national -- and in the latter case, international -- competition. The recipients are Civil Service staff, and we don't do enough public recognition of Civil Service staff awards. And, finally, these are the people on whom we rely to carry out much of our communications plan. These awards tell us in no uncertain terms that we have highly talented people who know how to develop, maintain, and use high quality tools of written, electronic, and face-to-face communications.

I wasn't here in 1988, so I can add one more important satisfaction. Last year was not the kind of year that dreams are made of in University Relations and Alumni Relations. These awards bespeak high quality work under high pressure, and I want to personally congratulate and thank these staff members for their work in the trenches.

• **Dr. Richard Green** •

Before I conclude, I must express the University community's sense of loss of a valued friend and a public servant who made a difference. Dr. Richard Green was quite simply a key figure in most of the University of Minnesota efforts to build better, more productive relationships with the elementary and secondary schools. Those efforts will stand as working tributes to his leadership. They are part of the difference Dr. Green has made.

Expressing the words of tribute is important to us. I hope and trust that hearing those words is comforting to Dr. Green's family and friends.

Knowing Richard Green, I can almost hear him saying, "Don't say something for me; do something for school children!"

By coincidence, I have a timely opportunity to do that. We've been approached by the Minneapolis Public Schools this week, asking if the University could provide a small amount of space on the St. Paul Campus next year for the Chiron Middle School project, the district's new program that seeks to improve education through a much more active public-private partnership in the community.

Welcoming forty middle school students to a University campus, applying the University's program resources to their education, seems precisely the kind of "something" Dr. Green would want us to do, and at this point, it appears that we might well be able to work out a mutually satisfactory arrangement. We haven't even begun the detail work, but I want you to know that our initial impulse is to respond affirmatively. If we can work this out, I'll see to it that the Board is briefed on this very interesting new program.

"COMMITMENT TO FOCUS"

Academic planning at the University of Minnesota became a serious institutional priority in 1979. Certainly program and physical planning existed long before then, but 1979 marked the beginning of regular, organized, and integrated planning from the departmental level to the systemwide level. Over the subsequent ten years, University planning has been through several annual or biennial cycles, with varying approaches developed by the responsible individuals and groups, but the planning process has grown into an established, integral part of University operations. Both on campus and off, the planning process has come to be known as "Commitment to Focus."

As a label, "Commitment to Focus" began as nothing more than the title of the February 8, 1985, "Report of Interim President Kenneth H. Keller to the Board of Regents." That report was intended to be an elaboration of an earlier report he made to the Board on November 9, 1984. That earlier report, itself, was also an elaboration -- or an interpretation -- of at least five years of institutional planning activities that included several important task force studies and two cycles of planning -- systemwide, campus, collegiate, and departmental.

The November 9, 1984, report had no special title, but in many respects that report presented a more fundamental definition of the long range planning "vision" of the University of Minnesota. That vision was organized around the University's traditional and emerging roles as:

- an international research university,
- a land-grant institution, and
- a metropolitan university.

As the 1984-85 agenda for pursuing that vision, the report proposed these priorities:

- initiation of a program of endowed chairs,
- improvement of graduate student support,
- improvement of undergraduate recruiting,
- improvement of the undergraduate student experience.

In addition to these broad themes, the report also indentified several specific areas for attention in the 1984-85 planning activities:

- cross-unit planning in the biological sciences to build new strengths in the areas likely to be in the forefront of all sciences in the next decade,
- development of the supercomputer institute and important activity in technology transfer,
- new initiatives integrating programs in the humanities,
- cable television program development,
- further articulation of Crookston and Waseca programs with the Institute of Agriculture, Forestry, and Home Economics,
- reorganization of international programs, and
- upgrading of existing facilities instead of relying on additional new space.

It is important to emphasize that the 1984 report was not intended as a total, comprehensive statement on University planning. It was essentially a status report and a statement of an Interim President's intentions to maintain the momentum that planning had achieved, rather than suspending planning and implementation until a new President would be in office.

These features of the University's planning vision had evolved out of five years of planning efforts. They have continued to evolve in the five years of planning since the "Commitment to Focus" report. "Commitment to Focus" was not the name of the first five years; it really wasn't intended to be the name of the second five years.

On campus and off, however, shorthand labels are appealing and useful. Largely because of unprecedented media coverage over an extended time, "Commitment to Focus," -- even "Focus" alone -- gained popular currency as rough and ready labels for virtually everything the University of Minnesota was doing in institutional planning.

To critics, "Commitment to Focus" also took on a certain amount of negative baggage. Instead of a label for everything involved in University planning, it became for some an enduring label for a variety of controversial issues.

On balance, even with the negative associations it calls to mind for some, "Commitment to Focus" survives as the popular name of the University's entire planning effort:

- the plan to improve the University of Minnesota,
- the plan to create a better balance between programs offered and financial resources to support those programs,
- the plan to work out a better division of labor among Minnesota's higher education systems, and
- the realization that the University cannot be all things to all people -- that the University must concentrate on improving the teaching, research, and public service programs it can deliver best.

These are the meanings underlying the continuing public policy questions whether the University and whether the State should continue to support "Commitment to Focus" as an essential strategy in Minnesota's higher education future. In that sense -- using these meanings -- "Commitment to Focus" still represents the central ideas behind University planning.

"Focus" is a way of clarifying "vision," concentrating attention on some features rather than others, selecting some features as higher priorities than others that may need less attention or may call for more attention by someone else. That is still the central question in both University planning and the planning of other higher education systems.

As a specific set of twenty recommendations, "Commitment to Focus" can be summarized with the following progress report:

- ✓ Two-year degree programs have been eliminated in all colleges and at all campuses except Crookston and Waseca.
- ✓ Degree and certificate programs in General College have been eliminated.

- ✓ The University Without Walls program has been renamed the Program for Individualized Learning and reduced in both scope and size.
- ✓ Increased, unified preparation requirements have been approved for the Duluth, Morris, and Twin Cities campuses, beginning fall quarter, 1991.
- ✓ A "common point of entry" for all Twin Cities Campus lower division colleges has been approved by the Board of Regents for implementation in fall quarter, 1991.
- ✓ Undergraduate enrollment in the Carlson School of Management is being reduced from 1500 to 750 (-50%) by 1992, as proposed in "Commitment to Focus," with a proposal being considered to add approximately 250 minors in business to mitigate the effects of the reduction on students.
- ✓ Undergraduate enrollment (headcount) in the College of Education has been reduced from 1282 in fall quarter, 1985, to 991 in fall quarter, 1988, a reduction of 23%.
- ✓ Undergraduate entering class size in the School of Nursing has been reduced from 143 to less than 100.
- ✓ Undergraduate enrollment in the Institute of Technology has been capped at approximately 5000.
- ✓ The Doctor of Veterinary Medicine (DVM) class size has been reduced from 80 to 64, a reduction of 20%.
- ✓ Reductions in other professional school class sizes have been considered as suggested:
 - ✓ Undergraduate (DDS) class size in the School of Dentistry has been reduced from 104 to 75, a reduction of 28%.
 - ✓ The College of Pharmacy has reallocated \$500,000 in support of its academic plan, primarily to accomplish the decrease in Pharm.D. enrollment and the corresponding increase in the baccalaureate program.
 - ✓ Undergraduate (MD) class size in the Medical School has been reduced from 239 in 1983 to 185 and will be further reduced to 175 by 1990, a total reduction of 27%.
- ✓ The size and scope of medical residency programs have been studied, and it has been determined that mandated reductions would not be appropriate at this time.
- ✓ The Crookston and Waseca campuses have completed campus plans that reaffirm their primary focus on technical education and strengthen their programmatic ties with the Institute of Agriculture, Forestry, and Home Economics and the Northwest and Southern Experiment Stations.

- ✓ The Duluth campus has developed college and campus plans that follow CTF proposals to serve as the "land-grant university for northeastern Minnesota," to eliminate associate degree programs, to set preparation requirements identical to the Twin Cities and Morris campuses, to restrict undergraduate professional programs to the extent that other opportunities exist for similar training, and to examine the content and quality of its undergraduate programs.
- ✓ The Morris campus academic plans also reflect CTF proposals to retain and enhance its commitment to a high quality liberal arts college program and to the development of an integrated core curriculum.
- ✓ The Minnesota Extension Service has completed a comprehensive statement of direction and priorities, "Focus on People," outlining as major strategies: identifying emerging issues and needs in a systematic way; implementing practical and timely programs within areas of MES competence; strengthening MES's ability to shift resources quickly to high priority issues; and to place more emphasis on interdisciplinary, issue-focused team efforts and less emphasis on organizational and geographic boundaries.
- ✓ With the exception of switching from funding on an income basis to funding on an expenditure budget basis, Continuing Education and Extension planning has been consistent with the recommendations in CTF: coordinating more closely with colleges in designing programs that reflect the strengths of the University; increasing opportunities for part-time students to complete degrees; responding to continuing education needs of working adults; expanding the reach of the University through educational technologies; and collaborating with other outreach programs. The change to an expenditure budget is still under consideration.
- ✓ As recommended in CTF, setting admission standards for credit offerings in CE&E was considered, but it was rejected, since it was demonstrated that nearly half of the students enrolled are already college graduates, and most of the remaining students were already counseled by CE&E to apply for admission.
- ✓ Appropriate efforts are being made to coordinate extension activities with the other higher education systems. Continuing Education and Extension meets annually with all other systems and institutions offering continuing education to exchange information and explore common issues. This is clearly a voluntary, cooperative process, since the University does not have and should not have the authority to enforce coordination.
- ✓ The University is trying to anticipate and exploit new technologies for instructional delivery. The 1989-91 legislative request proposes \$365,000 to upgrade telecommunications systems at Crookston and Waseca, plus \$6,170,000 for a statewide satellite system linking all campuses, stations, and county extension offices. The Governor's budget has recommended \$1,120,000 for University participation in the State Telecommunications Access Routing System (STARS), a fiber-optic network. Beyond these, the existing EXTEND network provides computer-based communications among Minnesota Extension Service offices, Project UNITE continues to provide Institute of Technology instruction to off-campus sites through

microwave TV communication, and all campuses have active programs to develop and improve instructional technology uses.

In sum, the specific recommendations of the specific document called "Commitment to Focus" have been followed. A few are technically still in process, but the basic decisions have been made, and the subsequent planning and implementation processes are in place.

The part of "Commitment to Focus" that has not been fully accomplished is the CTF section entitled "The Requisite State Response." Subsequent legislative actions have indeed removed some of the counterincentives to more focused University activities by agreeing to reduced enrollment targets and modifying the University's involvement in the Average Cost Funding system. The State's tuition policy still requires the 33% tuition offset and has not yet settled on a means to solve the problems of high-cost professional programs. The State has not yet solved the problems of fixed costs, underfunded instructional programs, and equipment, facilities, and support services. It must be recognized that the inability of the University and State government to accomplish the policy changes and appropriations levels to support the academic plans has slowed the program improvements that ten years of academic planning sought to accomplish.

The total institutional planning process, whether it is labeled "Commitment to Focus" or something else, still involves the fundamental directions of University planning that were being developed before "CTF" came along and that have continued to develop in the subsequent planning of all five campuses, the Minnesota Extension Service, and the Agricultural Experiment Station. That total institutional planning has governed the University's biennial legislative requests and annual budgeting process, as well as the three-year Minnesota Campaign and subsequent private fund-raising efforts. Further, the University's academic planning has become an active influence in Minnesota's statewide planning throughout elementary, secondary, and post-secondary education.

As an established process more than a specific plan, the commitment to focus continues. By and large, the organizational changes and the fundamental program directions for the University in the 1990s have emerged from the planning of the 1980s. What remains to be defined is the financial resource base with which the programs of the 1990s must be balanced in order to provide quality teaching, research, and service.

(4/11/89)

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
June 9, 1989**

Ladies and Gentlemen of the Board, this month's report will focus primarily on the policy and budgetary outcomes of the 1989 legislative session and the related issues of University enrollment policy and our commitment to diversity.

Before addressing those, however, I'd like to make a few comments on an issue I've been asked about frequently in the last few weeks, the University administration's policy position on keeping athletic competition -- specifically men's ice hockey and men's basketball -- on the Twin Cities Campus.

Twin Cities Campus athletic facilities have been studied extensively for decades. It's certainly fair to say that the inadequacies of our old, heavily used athletic facilities have long been fully recognized. That we still have serious problems is definitely not from lack of good information. It is not from lack of long range planning. We have a long range athletic facilities plan, covering physical education facilities, recreational sports facilities, and men's and women's intercollegiate athletic facilities. That plan constitutes a clear agenda. That agenda is being addressed, phase by phase. We still have problems for the simple reason that we have not found all the money needed to solve them.

On-campus alternatives for both hockey and basketball have been part of the long range planning, along with the implications of those options for other men's and women's sports. It has been University policy -- and it is still my own policy -- that hockey and basketball competitions should stay on campus.

We have a feasibility study going on right now, chaired by Senior Vice President Gus Donhowe, to identify the options and the alternative configurations, as well as their financing implications. That study process has to be allowed to run its course, which will probably take till the end of this summer. Until it has, and until it gives us clearer answers about the financing situation, our plans continue to assume on-campus hockey and basketball, except for occasional special events.

• The 1989 Legislative Session •

Last month, our discussions started the process of interpreting the likely outcomes of the 1989 session. Now, with the regular session over, you have the more detailed reports from Tom Nelson, Director of State Relations, on the appropriations and the legislative policies approved this year.

We also have presented the proposed budget plan, which takes the normal next steps to show how the appropriations affect our budget for next year and how our budget proposes to carry out as much of the University's planning as the dollar resources allow.

Given my comments last month and any you may have heard since, it will come as no surprise to you that I regard the 1989 session's outcomes as positive for the University of Minnesota. Certainly the University of Minnesota did not receive as much money as we requested -- not as much as we could have used with productive pay-offs to the State of Minnesota. I wish we had, but I recognize the political realities that were at work this year, and I believe State government sent us the messages we were looking for.

The policy message is that State government continues to support the essential directions of University planning. The 1989 session, in fact, was the third biennial session in which that support has been explicit.

The financial message is also consistent, both with prior appropriations and with the continuing policy message. Like the 1985 and 1987 legislatures, the 1989 legislature was not able to fully fund our requests, but to the extent possible within State budgeting realities, approved appropriations generally followed our planning priorities: faculty salaries, general instructional improvements, instructional equipment, libraries, repairs and betterments, and a general price level increase that recognizes the inflation rate we are experiencing.

The other side of the coin -- quite literally -- is that the University's own plans over the last several years have recognized that we have shared responsibilities with the Legislature; we have proposed all along to help ourselves, to do our share by making the tough decisions of reallocation, to increase our own productivity, and to make our own case to the general public and the private sector to prove that increased public and private investment in the University is good business for the State of Minnesota.

Next year's budget plan puts our money where our mouth is. First, the budget plan is carefully and very deliberately built around academic priorities. The request was built that way; now the allocations are directed that way. Second, the budget plan depends upon reallocation as well as the legislative appropriations, it requires productivity improvements, and it recognizes the absolute requirement to keep building better accountability.

The budget plan also allows substantial progress on Civil Service comparable worth adjustments and pay equity salary adjustments for women on the academic pay plan. By the end of the 1989-90 fiscal year, we will be **two-thirds** of the way toward both of those goals, and I believe that is very important progress to note.

The pay equity adjustments for academic women represent, I submit, an essential, "watershed" development in establishing fundamental fairness as a recognized University of Minnesota obligation and policy for the future. These adjustments are also the result of the "system" working. It worked because good people were willing and able to meet in productive negotiation and work out a mutual agreement. I regard that as a very encouraging sign.

By no means does the pay equity plan complete our agenda of women's issues. It's one important step toward getting on with the business of developing academic talent, and I would like to have a more comprehensive presentation on the agenda of women's issues scheduled for the full Board early this fall.

In keeping with the "Report Card" process we've put in place, I think this is a budget plan that will show we've done our homework. Under normal procedures, we don't "turn it in" till the next biennial budget session, but I believe strongly enough in the responsibility for accountability -- and especially in the Legislature's demonstrated respect for accountability -- that I will personally share the budget plans with the legislative leadership and do what I can to make sure I have their feedback.

Part of the message of the 1989 session -- the message we sent and the message we have received in response -- is that accountability is a whole lot more than turning in biennial documents when they're due every two years. It has to be a continuing process that builds on mutual understanding and respect. In programmatic terms, it has to mean sharing plans, showing how plans are put into practice, and -- more and more importantly -- producing results that make a difference.

In my own interactions with legislators this session, I found the same general attitudes that Tom Nelson mentioned in his end-of-session summary. Legislators realize the importance of the University to the State, and they want the University to be successful. I also came away from those interactions with a strong sense that legislators who feel this way want very much to see more tangible results in the future. They have the right and the obligation to see that we are making good use of the public's money -- that we are accountable -- and as elected officials they also have direct and practical understanding that actions and results speak louder than plans.

I see the next two years as a time when the burden of proof falls right where we ought to want it, on us. For our own planning purposes, I assume that we will continue to pay attention to rankings, but for public and legislative

accountability purposes, I understand that we're going to face the question, "so what?" For accountability purposes, where we rank in instructional funding per student will be far less important than how we spent the actual money appropriated by the Legislature for general instructional purposes -- and most importantly, how much bang we got for the buck.

That's the kind of question I expect this biennium and into the future, and there is every reason to believe that future funding will be directly related to the quality of the answers we'll be able to give. We can expect future funds for quality improvements if we can produce real improvements from the biennial budget.

It hasn't been discussed as much as the Operations and Maintenance appropriation, but I see the same challenge with respect to the Special State Appropriations. Only a few of the Specials received programmatic increases this session, but a very important legislative action was the grouping of these previously independent programs into four:

AGRICULTURE AND EXTENSION

Minnesota Extension Service
Agricultural Research

HEALTH SCIENCES

Indigent Patients
Rural Physicians Associate Program
Medical Research
Special Hospitals, Service and Education Offset
Veterinary Diagnostic Laboratory
Institute for Human Genetics
Biomedical Engineering

INSTITUTE OF TECHNOLOGY

Mineral Resources Research Center
Minnesota Geological Survey
Underground Space Center
Talented Youth Mathematics Program
Microelectronics and Information Science Center
Productivity Center

SYSTEM SPECIALS

Fellowships for Minority and Disadvantaged Students
General Research
Intercollegiate Athletics
Student Loans Matching
Industrial Relations Education
Rochester Center
Natural Resources Research Institute
Sea Grant College Program
Institute for Biological Process Technology
Supercomputer Institute
Hubert H. Humphrey Exhibit

My understanding of legislative intent is that these are more than handy categories in which to list these programs. In years past, all of these were independent line item appropriations; we could not shift State funds from one to another. Within the first three groupings, we now have that authority. My reading of the Legislature is that we are expected to use that authority where appropriate. Put another way, we have broader authority to manage these programs, and I fully expect to be asked to show how we have done just that. As with the other budget matters, I don't intend to wait to be asked.

Other important planning responsibilities, plus some self-help challenges, are found in the bonding bill. The list of approved projects may not be a long one, but 60% of the total \$14,450,000 appropriated is for planning projects. I talk frequently about the need to invest in the University's future. With these projects, appropriating the funds to move planning along most certainly is such an investment, certainly one that may lead to very large capital investments in the future. The six planning projects funded this year have projected completion costs of over \$178 million beyond the planning costs approved this year. That puts in motion a series of very large capital improvements requests in the next few years, and there will be no shortage of competition for those dollars.

This year's bonding bill also allows the University to continue the planning of the addition to Ferguson Hall for music performances and to continue the planning for the next phase of the Recreational Sports facility, in both cases using non-state funds.

If these public and private fund-raising challenges weren't enough, we also have a very long list of other capital improvements, primarily renovation, that are already on our needs list, and some have been on that list for a long time.

And finally, some of the messages coming out of the 1989 session came out on a "party line" -- the old kind, not the 900 variety the younger folks call these days. These were messages sent to all the public higher education

systems, and for the most part they deal with following up the MSPAN-I study we discussed in April and gearing up for the Greater Minnesota phase of the study, MSPAN-II. We need to reach more solid conclusions on the MSPAN-I recommendations for the metropolitan area, since MHECB is required to make its recommendations on undergraduate and practitioner-oriented graduate programs by February 1, 1990. By December 1, 1990, MHECB is to file its first report on MSPAN-II. It is essential that the University of Minnesota play a meaningful role in those discussions.

• Enrollment Policy •

Enrollment policy issues were very much part of the 1989 legislative process. They are issues built into the very essence of University plans and priorities. They are issues that are at the heart of public higher education planning, both at the systems level and with the Minnesota Higher Education Coordinating Board, both in its normal coordination functions and in its special studies, MSPAN-I and MSPAN-II. By any measure, they are issues that will occupy a good deal of our time and attention over the next several months.

Last Friday, we mailed Board members the draft background paper on University enrollment policy, prepared by the Office of Academic Affairs. If a former editor may be permitted an editorial comment, I think this draft does a remarkably good job of setting the historical context, identifying the key issues, and providing up-to-date information that is genuinely useful for policy making.

The draft background paper raises the four key questions:

- Has the University maintained appropriate access for students?
- Is system capacity consistent with demand and with enrollment targets?
- Is lower division policy consistent with enrollment goals?
- Does enrollment policy meet State needs?

The paper is a draft, and it properly avoids making final judgments on the answers to these questions. The answers are the proper business of further discussion and study as we work toward more definitive conclusions that are essential to our own internal planning and implementation and need to be shared with the other systems and MHECB over the next several months.

As the paper clearly indicates, we know more now than we did when earlier enrollment policies were developed. More high school graduates

are seeking higher education. Our retention efforts are working. We're seeing actual effects, not projected effects, on our own students and programs as well as those of the other public systems. We are, in short, moving toward precisely the kinds of fine-tuning requirements that good plans anticipate from the outset. Most importantly, we're establishing the common ground of mutual understanding and clear information that must be the foundation of rational decision-making.

• Commitment to Diversity •

It is a scheduling coincidence that in its meeting last November, the Board asked Dr. Dolores Cross to present a six-month status report on the University's minority affairs agenda. That status report, which we heard earlier this morning, fits right into the current discussions of appropriations and budgets and enrollment policy issues. That's not coincidence; it's the way the minority affairs agenda becomes an integral part of the general agenda, which it must become in order to support the commitment to diversity.

Throughout the country, two decades of program experience have provided many examples of progress and encouraging results, but many other examples of well-intended special programs that ultimately failed, often because, in part, they were kept "special" -- kept isolated from the basic institutional structures and their value systems.

There is a basic dilemma built into these efforts. Much of the progress made over the last twenty years or so has been grounded in essentially political organizing by minority communities, getting the majority community's attention and presenting the case for change. Those organized communities have a clear stake in continued efforts and close monitoring of results. Here and elsewhere, one obvious outcome is the recognized importance of clear accountability -- knowing who's responsible for carrying out the programs. That was a major point in the Taborn Report, and that's why Dr. Cross was appointed Associate Provost and Associate Vice President for Academic Affairs.

From this morning's report, I think it is evident that both the appointment and the organizational structure were the right decisions.

The risk, on the other hand, is that the special identification of the programs and the people responsible for them, can be perceived as keeping the programs, the people responsible, and the constituents served in some kind of "special" status that is somehow outside the institutional mainstream.

This morning's report tells me that Dr. Cross and her staff have been making a systematic effort to avoid that pitfall. Throughout the report, you will see consistent efforts to build bridges among programs, to develop the

programs into the University's basic structures and hopefully into the University's fundamental institutional behaviors. That's on the right track, and I'm encouraged that we are going to be one of the success stories.

**Special Report
to the
Regents of the University of Minnesota
President Nils Hasselmo
June 9, 1989**

Ladies and Gentlemen, again this month I have a President's Report to the Board, this month's dealing primarily with the policy and budgetary outcomes of the 1989 legislative session, the related issues of enrollment policy and our minority affairs agenda, and the issues of athletic facilities.

This month, however, I would prefer to make that report only in written form. In a very real sense, that report and the issues in it have been overtaken by events.

Those issues are crucial to us, but so is perspective, and by any serious perspective, the developing situation in the People's Republic of China is simply on a far higher scale of importance right now.

"Tiananmen" translates as the "Gate of Heavenly Peace." In recent weeks it has been neither heavenly nor peaceful. Built in the 15th century, it has long served as the place to proclaim news of important changes in China to its people and the world. For all practical purposes, it is the heart of China.

Seventy years ago, an estimated 300,000 individuals, many of them students and intellectuals, protested the transfer of former German concessions in China to Japan by the Treaty of Versailles. Forty years ago, 500,000 gathered and listened as Mao Zedong proclaimed the establishment of the People's Republic of China. And in 1976, well over a million Chinese protested the tearing down of memorial wreaths from the Heroes monument in the Square for another advocate of liberty for the people, Zhou Enlai. Events in Tiananmen Square have invariably signalled momentous change in China.

Many of these past events are not well remembered here. Spring 1989 will be different. The ongoing calamity in People's Republic of China is very much a personal tragedy for the University of Minnesota.

Zhang Yalai, who received his Masters degree in Agricultural Economics in June of 1988, has been wounded. Approximately 450 students from the People's Republic who have completed their study here in the last ten years are now living throughout China. We fear for their safety and well being.

We know of 8 students and faculty from the Twin Cities and Duluth campuses who are still in, or in transit out of, the PRC, including Regents' Professor Margaret Davis. We have confirmed the safety of four and know the whereabouts of six of them.

And currently, 650 Chinese students and scholars are attending this University, the largest single group in the United States. I have written to all of them, expressing my sorrow for friends who have been beaten, lost their lives, or otherwise placed in danger for supporting the extension of fundamental human rights of freedom of speech and assembly, rights that are guaranteed by the Constitution of the People's Republic.

The China Center is monitoring all of these events in order to secure the safety and interests of members of the University community. Dr. Patricia Needle and her staff deserve our fullest gratitude for their tireless efforts in this crisis. They are responding to tremendous pressures and challenges this week, and they are getting the jobs done.

We are following the advice of the State Department and recommending that activities planned for this summer in China be suspended. Twenty-one students were scheduled to attend the Nankai Summer Intensive Chinese Language Institute, and four faculty members were scheduled to participate in an English Language Institute in Beijing. These trips have been suspended. From Duluth, approximately 20 students were rerouted en route to the Zhejiang Academy of Fine Arts and the Shanghai Drama Institute.

The Office of International Education is advising PRC nationals who need to apply for an extension of their visas. We are awaiting news of guidelines and procedures to be established by the Immigration and Naturalization Service in response to President Bush's offer of extending their stay in the United States.

The University has 18 exchange agreements with higher education institutions in the PRC. These date from 1979 and have created numerous and rich opportunities for our faculty and students to visit China and engage in collaborative research and instruction for our mutual benefit. We value this collaboration and look forward to continuing our relationships in the very near future. I am writing to all of our partner institutions, assuring them of our continuing commitment of cooperation and friendship.

I would especially call your attention to the generous outpouring of support from the people of Minnesota, who are yet again demonstrating their love and concern for others. All of us are touched by their offers of money, fundraising help, personal time, and technical support for our students. These offers are coming from the University, from the general public, from students and departments in other colleges, and from churches, organizations, and businesses.

As I said in my letter to the students, their efforts to keep lines of communication open between our countries are fundamental to the democratic process. Certainly they deserve our fullest respect.

We abhor the violence that has taken place. We find intolerable the undermining of academic freedom and the denial of free speech and assembly. I must add that these rights and standards must apply here as well. We will not condone on our campuses any threats or violence against individuals who express their opinions about the direction of events in China, whatever their opinions may be.

There can be no double standard or compromising of these fundamental rights. The freedom to assert one's rights openly, even when they may be unpopular, is at the heart of the University. Without those rights, there would be no university in the true sense of the word. Similarly, without these rights, there can be no democracy and no government of the people. And this is precisely what we have witnessed in Tiananmen Square.

We look forward to the restoration of peace, to the realization of the dream of democracy, to good news concerning the well-being of our colleagues and alumni and all of the people of China, and to the future growth of our joint endeavors to promote education and research.



UNIVERSITY OF MINNESOTA
TWIN CITIES

Office of the President
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100 Church Street S.E.
Minneapolis, Minnesota 55455
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June 7, 1989

Mr. Ding Ersu
President, Minnesota Chapter
Friendship Association of Chinese Scholars and Students
P. O. Box 14263
Minneapolis, MN 55414

Dear Mr. Ding,

I know that these are very troubling days for you as you worry about the safety of your family and friends and the future of your country. I join in your sorrow for fellow citizens who have been threatened, beaten, and have lost their lives for advocating a vision of democracy. I admire your courage and determination to work peacefully for a better China. I was particularly moved by Minnesota's Chinese students' tireless efforts to keep the lines of communication open between our two countries. Nothing is more fundamental to the democratic process.

I want to assure you of my support and the readiness of the University to help you through these difficult times. The Office of the Assistant Vice President for International Education, the Office of International Education (OIE), and the China Center are especially prepared to help you. Also, President George Bush has announced the intention of the United States' Government to extend your visa, if necessary, and the University will assist you in making your application.

At the Board of Regents' meeting on Friday, June 9th, I will make a public statement expressing my distress at events taking place in the People's Republic of China. I will elaborate on the impact of the tragedy on the University community, the steps we are taking to assure the safety and well being of our colleagues in and from China, and, equally important, I will reaffirm our continuing friendship with the people of China and our commitment to continue to promote joint programs in support of education and research.

The University of Minnesota Community joins you in looking forward to the restoration of peace and the realization of the dream of democracy so poignantly sought after by the new heroes of the Republic.

Cordially,

Nils Hasselmo
President

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
July 14, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, given my circumstances last week, the first part of this month's report can be a variation on the old theme, "How I Spent My Summer Vacation." I trust that I'll have the good sense to take some other time off for a more conventional vacation than a stay in the University Hospital and Clinic, but last week was an important opportunity for me to experience the University of Minnesota as a customer. It was an experience worth telling you about.

Around this table, we usually hear about the statistics on the University Hospital and Clinic. The statistics are good, but they don't capture the real story. We also read about individual stories, and I assume most of you have heard other individual stories from patients and their families. Those come closer, but there's nothing quite like being there as a patient to demonstrate why University Hospital is so well-regarded here and around the world.

There you are, flat on your back, your temperature high, and the source of your discomfort unknown. You realize and appreciate then, in a special way, the competence of our physicians and nurses, the up-to-date technical facilities, and the thoughtful handling of patients by the staff. I experienced all of this through the diagnosis and care provided by Professor Elwin Fraley and his colleagues and residents, especially Dr. Cesar Ercole, in the Department of Urologic Surgery, through the X-rays and CT-scan provided by Professor William Thompson and his colleagues in the Department of Radiology, and through the constant caring of the fine nursing staff of Ward 5B.

I experienced what quality medical care means. This state is fortunate to have in the University of Minnesota Hospital and Clinic one of the leaders in the field of health care. Our medical and hospital staff are extremely good at what they do. And they are supported by excellent management and a physical facility that really works the way it was designed to work.

During my hospital stay, coincidentally, I also witnessed some of the excitement surrounding a celebration of Dr. Elwin Fraley's twenty year anniversary as Professor and Head of the Department of Urologic Surgery. In honor of Dr. Fraley's career leadership in urology teaching and research, virtually all of his former students were in town last weekend for a reception, dinner, and symposium. Some are now department heads in leading urology departments around the country, and it's in this kind of gathering that one sees the long-term contributions that medical educators can make.

Dr. Fraley is internationally known for his clinical research in the treatment of urinary tract cancer and the development of corrective surgical techniques to allow normal or near normal functioning. This is life-saving medical research that benefits the citizens of this state in so many ways; this is clinical practice that helps so many continue to lead productive lives. Just spending a few days in that section of the hospital can't help but give an appreciation for the teaching, research, and public service accomplishments Dr. Fraley, Dr. Ercole, and their colleagues deliver day after day.

On the whole, I'd rather not be a customer of this side of University work, but considering the alternatives, I'm glad the University Hospital and Clinic was there when I needed it. As President, I'm enormously proud of the care and service I witnessed, and I wanted to share that with you. It's the part of the good news about this institution that really counts.

The bad news from my hospital stay was that it kept me from a trip to the Seventh District, but I was heartened that Regent Sahlstrom did not require me to submit a written excuse from my doctor. There will be other opportunities for me to make that trip, and this time I was ably represented in Baudette, Roseau, and Warroad by Tom Nelson and Regent Sahlstrom.

I'm happy to add that a week earlier, I was able to spend some time in Fergus Falls, as the guest of Senator Cal Larson and two local service clubs, and in Alexandria, where Regent Sahlstrom and I met with service clubs, Minnesota Extension Service staff, University alumni, area legislators, county commissioners, and mayors, and local media and educators. I can report that name tags were superfluous whenever Stan was at my side, since he seems to know everybody already.

As you know, there will be many more of these visits around Greater Minnesota, aimed at telling our story in person, and, most importantly, giving us the opportunities to listen to those for whom we work. We'll keep you all posted as these important visits are scheduled.

• 1989-90 Budget •

Budget actions are not the real objectives of our work, but within the University, budget actions are some of the important steps that will lead to results in improved teaching, research, and service.

In the final analysis, budget actions "put our money where our mouth is." As much as we emphasized needing the positive signal that we received from the legislature, Board approval of the 1989-90 annual budget is also a critically important signal to the University community and the people it serves.

The legislature's signal in 1989 said "stay on track." This morning's signal from the Board of Regents says "we will." Given the history of the last few years, today's action puts our signature on the contract between the University of Minnesota and the people of Minnesota.

That contract says we're serious about improving teaching, research, and service, and it demonstrates that we're making the tough choices that those improvements require. It's a contract that carries with it clear responsibilities for accountability, and throughout the University community I sense a genuine eagerness to get on with the business of putting plans into action and accepting the challenge to demonstrate that we're making a real difference.

The budget making involved many tough choices. We reallocated funds both as part of our implementation of "Academic Priorities" and in order to supplement the compensation packages for academic and civil service personnel. We had the opportunity to add funds to units scheduled for improvements under "Academic Priorities." We still have a significant way to go before we will reach the targeted levels that would make us fully competitive with other major public universities. But, we're on our way.

On a very personal level, I take today's budget approval as the end of a six-month transition period. I take it as the signal that we have, indeed, turned the corner, that we're ready, willing, and able to proceed. If the Board, the faculty and staff, the students, and all the many external constituencies that support this institution can continue to join forces, I believe that the future of quality teaching, research, and service is bright at the University of Minnesota.

• Cabinet Visits to Coordinate Campuses •

During the month of July, the President's Cabinet will be conducting a series of full-day visits to each of the Coordinate Campuses:

Crookston	July 18
Waseca	July 21
Morris	July 25
Duluth	July 27.

Beyond the general objective of holding Cabinet meetings on all the campuses, this month's series will be intensive fact-finding sessions on three major topics:

- Review of campus academic plans, with particular emphasis on the implications for enrollment and space needs and any proposed changes in the campus plans since they were reported to the Board.
- Discussion of prospective enrollment pressures and any proposals for changes in the enrollment projections now shown in the MPIS

statistics. These discussions will be central to the enrollment target recommendations that we must report to the legislature by December 1, 1989.

- Discussion of space utilization and capital improvement request priorities. These discussions will be central to the capital request proposals that will be on the Board's agenda in September and October.

By this time in our history, I hope it is stating the obvious, but I still think it is worth repeating that these three topics -- academic planning, enrollment planning, and physical planning -- must and will be considered as thoroughly interrelated, interdependent matters. We are taking great care to share the relevant statistical information and to specify -- in advance -- the key questions and the information needs, in order to make sure we are proceeding as systematically as possible.

For August and early September, we will develop an appropriate series of similar sessions for units on the Twin Cities Campus.

• Men's Intercollegiate Athletics Investigation •

As you know, the University has submitted to the Big Ten and the N.C.A.A. an investigative report with respect to alleged violations of Big Ten and N.C.A.A. rules in our Men's Athletic Department. Each of you has received a copy of the introduction to the report, and a full copy of the report is, of course, available to any member of the Board who would like one.

The report was initiated by the University in response to the University Auditor's finding that substantial sums of money had been misappropriated from the OMSSA program, with the explanation that portions of that money had gone to student athletes at the University. The University hired an independent investigator, Mr. Mike Slive, to pursue those allegations or any other allegations that came forward. He was asked to investigate any and all allegations with respect to the men's program and to do so independently, without concern for the effect of any allegation on the University or the athletic program.

I want to take this opportunity to give credit to Interim President Dick Sauer, Dean Bob Stein, and the Assembly Committee on Intercollegiate Athletics (ACIA) for commissioning this report. I also want to thank Bob Stein for his continuing leadership as the University's Faculty Representative to the Big Ten Conference, and the members of the ACIA for their concern for the well-being of intercollegiate athletics at the University of Minnesota.

In conducting the investigation, Mr. Slive and his associates conducted more than 150 interviews of approximately 90 individuals, including

current and former student athletes, current and former members of the coaching staffs, current and former members of the administration, and many other individuals not associated with the University.

Their report thoroughly chronicles and analyzes the activities of Mr. Darville as they related to student athletes and the athletic program, and it details and reports on alleged violations, unrelated to Mr. Darville, in the football and basketball programs. The report also draws some sobering conclusions about the athletic program and our failure to discover Mr. Darville's activities earlier.

Specifically, the report concludes that prior to 1986, compliance with Big Ten and N.C.A.A. rules was not a priority, and the department lacked adequate monitoring systems, resulting in a lack of control. Similarly, the report concludes that while the coaching staff and administration of men's intercollegiate athletics were not aware of Mr. Darville's activities, they should have been aware.

We are on the road to remedying those problems through the appointment of Ms. Kathy Jones as Compliance Coordinator (appointed July 1, 1988); she is responsible for developing monitoring systems that assure up-to-date compliance with Big Ten and N.C.A.A. rules within the department. This will not be a short-term task, but will take some time to accomplish. We must create and maintain an atmosphere where rules compliance is not only a priority, but an expectation of all staff members within the department.

The report has been submitted to the Big Ten and N.C.A.A. staffs, who will now review the report and conduct any follow-up investigations that they believe are necessary. We expect that they will complete their work so that the University can appear before the N.C.A.A. Infractions Committee at the end of September, 1989. At this point, though, the N.C.A.A. has not yet determined whether we will be on the agenda for that committee meeting.

I would like to reaffirm the University's commitment to conduct our athletic programs within not only the letter, but the spirit of conference and N.C.A.A. rules. That is crucial for the credibility of athletics, as well as the University. I believe we have in place the leadership and personnel who can carry out that commitment, and they have already begun to address the issues raised by this report.

Beyond the specific concerns associated with this investigation, we are all aware of many long-standing issues involving intercollegiate athletics, here in Minnesota and all across the country. Many of these issues were raised pointedly by the task force that reviewed Twin Cities Campus support and service units. That report, which I sent to each of you a few weeks ago, makes it quite clear that we have serious, continuing divisions among the academic and athletic programs and people.

We are in the process of reviewing the task force report and its recommendations. To the extent that the problems and solutions are genuinely local to the Twin Cities Campus, we have to make certain that we put into place the mechanisms that will work and keep on working in our own environment.

It is obvious, however, that most of the long-standing issues are national issues. They are hot issues throughout the Big Ten and other conferences and both within and among the divisions of the N.C.A.A.. There seems to be a growing national consensus that fundamental reforms of intercollegiate athletics simply must be accomplished in the very near future.

As one university, we cannot make those reforms happen; as one conference, the Big Ten can't do it, either. Nevertheless, I can assure you that the University of Minnesota will try to exert leadership, in cooperation with other Big Ten institutions. It is clear that by appointing James E. Delany as the new Big Ten Commissioner, the presidents of our conference intend to insist upon Big Ten leadership.

I'm distributing a feature article on Jim Delany from The Chronicle of Higher Education, along with his introductory memorandum to Conference personnel, and I encourage you to read them both. I think you will agree that he's the right man in the right place at the right time. I'm pleased to tell you that Dean Bob Stein was a member of that search committee, and I had an opportunity to participate in the final selection process. We are both looking forward to working very closely with Mr. Delany.

• Status of Searches •

The three finalists for Senior Vice President for Academic Affairs/Provost have just finished their visits to the campus. I am evaluating the comments of groups and individuals who met with them, and I expect to make a recommendation to the Board within the next couple of weeks concerning the appointment.

The searches for the other vice presidential positions are now all well underway.

**President's Report
to the
Regents of the University of Minnesota
September 8, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, I must begin by expressing my hope that everybody has enjoyed a fine summer. I hope you all approach the new academic year with new energy and renewed excitement at the prospects for positive momentum. It's been a highly productive summer that has given us considerable cause for optimism.

• Army High Performance Computing Research Center •

Last Thursday, Regent Casey, Regent Sahlstrom, and I, joined by I. T. Dean Jim Infante, Mathematics Professor George Sell, Tony Potami and Mary Bergaas from the Office of Research and Technology Transfer Administration, and others, met in Washington, D.C. to mark the signing of a five-year \$66.9 million contract establishing the Army High Performance Computing Research Center. I want to congratulate Dean Infante and his colleagues on their success in gaining an important contract in stiff competition.

The research to be done in this Center is both appropriate and important to the University of Minnesota. This project is entirely consistent with the "Academic Priorities" plans of the University and the Institute of Technology, and the checks and balances are firmly in place to assure that this project complies with Regents' policies.

The material Dean Infante sent to the Board outlines 23 research topic areas involving 42 Minnesota faculty members in 10 departments across the University.

The contract supports research in mathematics, computer science, computational science, and computational engineering. The intellectual "state of the art" in these fields, coupled with the electronic "state of the art" embodied in supercomputers, presents research frontiers that are important to the scholarly enterprise and to the nation and the state.

The enormous number-crunching powers of the computer and the supercomputer are revolutionizing many -- indeed, most -- academic disciplines. This new power in the tools available requires -- and even enables -- whole new ways of thinking about mathematics, science, and engineering. Those new ways are bound to have important implications to the research and teaching we can do in programs throughout the University.

This contract also involves very considerable efforts to support a broad range of teaching and technology transfer among academic institutions, private industries, and government laboratories.

Finally I want to call special attention to the effects we believe this project will have on University efforts to foster cultural diversity. The contract involves substantial cooperation with Purdue University, Howard University in Washington, D.C., and Jackson State University in Mississippi. The work with Howard and Jackson State establishes direct academic connections, both in research and teaching, between the University of Minnesota and two predominantly African American university communities. Beyond the cooperative work itself, this has perfectly obvious implications for our recruiting of minority faculty and students, and we mean to make the best of those opportunities.

The development of this proposal has been surrounded by a certain amount of controversy. There are faculty members who do not agree with the research priorities represented by this proposal, and there are students and faculty members who believe that research sponsored by the Department of Defense should not be undertaken at the University. As I have indicated in earlier statements, the acceptance of the project is based on the right of faculty members to undertake sponsored research that they believe furthers the development of their field, complying with the academic priorities set by the Board and with policies governing research activities. I trust that the project can be accepted and carried out in the spirit of those basic conditions.

• Proposals and Awards - Fiscal Year 1989 •

Before I leave the subject of contracts and grants, I want to call your attention to some important numbers you will hear later this morning in Vice President Clark's report on applications and awards. We usually don't dwell on the summary reports in that material, because Board actions properly focus on the specific activities proposed or funded.

This is the time of the year, though, when the Office of Research and Technology Transfer Administration can sum up the previous fiscal year, and we can make the kind of benchmark comparisons that give us some sense of progress.

The progress from fiscal year 1988 to 1989 is very impressive. University faculty members submitted proposals totalling \$579 million, up \$43 million (or 8%) over the previous year. Funding agencies responded with awards totalling over \$204 million, up \$26 million (or 14.7%) over last year's awards of \$178 million.

These summary numbers ignore the substantive importance of the individual project activities, and certainly the work done is far more important than keeping score of the proposals and awards. But those total

numbers are important as ways to take the pulse of the research, training, and service activities that are evidently enjoying robust good health.

Once again, these successes reflect well on the quality of faculty scholarship at the University of Minnesota. Most of the funding organizations are operating under very substantial fiscal constraints. Most proposals are subjected to peer review, and all the contract and grant programs are intensely competitive. For all these reasons, that annual increase of nearly 15% is a critically important vote of confidence in the University of Minnesota and its faculty.

To the state of Minnesota, these successes mean \$204 million circulating in the Minnesota economy. It's safe to say that the lion's share of that money would be circulating in other states' economies if our faculty had not brought it home to Minnesota. That money in Minnesota's economy means 4,600 to 5,600 Minnesota jobs, 60% of them outside the University of Minnesota, that would not exist if our faculty had not brought in this money. That's an important part of the return on Minnesotans' investment in their research university.

• Administrative Staff •

I am very happy to call your attention to this month's proposed academic personnel actions, which include the appointment of Dr. Leonard Kuhi as the University's Senior Vice President for Academic Affairs and Provost of the Twin Cities Campus. Dr. Kuhi comes to us from Berkeley, where he served twenty-four years on the astronomy faculty, including five years as Dean of Physical Sciences and the last six years as Provost and Dean of the College of Letters and Science.

Dr. Kuhi's arrival is especially important to the continued progress of the Vice Presidential searches in Health Sciences, Student Affairs, and Agriculture, Forestry, and Home Economics, and also the searches for the General Counsel and the new position of Vice Provost for Arts, Sciences, and Engineering. All of those searches have been moving along with appropriate speed, and I believe we now have the unique opportunity to fill all these positions with the full involvement of the senior management team.

Dr. Kuhi will arrive on campus September 18, so he will have nearly a full month to do his homework before his introduction to the Board at the October meeting. That means -- largely because Shirley Clark has served with such distinction and is so good a teacher -- that Dr. Kuhi should be another Senior Vice President to join Mr. Donhowe in hitting the ground sprinting.

I also want to take a moment to recognize the outstanding contribution of Shirley Clark as Acting Vice President and Provost for Academic Affairs.

During the last fifteen months, she has achieved better communication and decision making by promoting consultation with the appropriate groups, improving communication with the Regents and aiding in the presentation of the University legislative agenda. Her intelligent efforts brought the Regental approval of the "Academic Priorities: Next Steps" and the capital planning and budgeting process -- the product you reviewed this morning. Vice President Clark's commitment, fairness and openness are recognized and appreciated by each of us.

I am also grateful to John Howe, a member of our History faculty since 1965, for the distinguished service he has provided as our Interim University Librarian over the past two years. During his tenure, Professor Howe helped focus our attention on the central position of the University Libraries within the academic community and made us aware, I am tempted to say painfully aware, of its fiscal, staff, and space shortages. Professor Howe has, indeed, achieved greater visibility, wider support, and increased funding for the University Libraries -- which made it possible for us to attract a new University Librarian of national stature, Thomas Shaughnessy, formerly Director of Libraries at the University of Missouri. We welcome Dr. Shaughnessy, who began his work here this week, to the University of Minnesota.

Finally, Fred Lukermann, Dean of the College of Liberal Arts since 1978, has announced his retirement from that position. Dean Lukermann has taught at the University for 41 years and plans to return to the Geography Department faculty to teach and conduct research in cultural pluralism. Fred Lukermann is a respected colleague and old friend. This institution has greatly benefited from his knowledge and insight and from the loyalty, humor and dedication he has shown in carrying out so many important assignments.

• Civil Service Pay Plan •

Yesterday's consideration of the 1989-90 Civil Service pay plan principles in the Faculty, Staff, and Student Affairs Committee warrants some additional comments on my part before action by the full Board.

Given the appropriated funds made available to us for Civil Service compensation, the necessity to cover the increased costs of health insurance, and the importance of our commitment to accomplish the comparable worth adjustments, I firmly believe that we ended up with the best solution we could wring out of budget realities.

Through a reallocation requirement that I do not believe the University has used before, we've managed to fund a 4% across-the-board increase, plus covering the health insurance increases, plus completing the comparable worth adjustments this biennium, rather than many years into the future.

I want to stress that reallocation of permanent funds is the only source of funding we have available over and above the state salary appropriation. Temporary resources, such as the Reserve Fund, cannot be used for continuing obligations. We have augmented our salary adjustment pools by reallocating half of the inflationary increase for supplies, expenses, and equipment for 1989-90 and, for Civil Service employees, 2% of the existing salary base. These are our only options. Given the hardships posed by these reallocations, I have simply found it impossible to order further reallocations to meet the 5% across-the-board increase recommended by the Civil Service Committee.

I am committed to finding the best possible solution to the problems of compensation. I can assure you that we have searched out every possible means to deal with this problem, and that we will continue to do so in the future.

• Capital Request •

The capital improvements requests presented to you this morning represent some extremely important needs for the University. It is an ambitious plan, but even so it is only a beginning.

In the 1990 session, we propose to request only construction funds in order to deal with the many projects for which we have already received planning funds.

The entire set of recommendations, from 1990-91 through 1993-95, represents more capital investment than we've ever proposed. It sends an important message to the state: This is the investment that is absolutely necessary if the University is going to continue to be the kind of institution this state wants and needs. The Board, as well as other members of the broader University community, must be prepared to make the case that the increased public investment will produce increased public payoffs. We cannot expect elected officials to assume that burden without major help on our part.

• Enrollment Policy •

Like our capital improvement needs, making substantial improvements in our undergraduate teaching efforts must be a shared responsibility. In this case, the sharing is written right into state law in the form of a special enrollment target and a special funding agreement.

If money were no object, the University of Minnesota could recruit the finest teaching faculty, hire enough of them to allow far smaller-sized classes, assure state-of-the-art equipment and facilities, hire plenty of counselors

and support staff, and provide all manner of opportunities for students to supplement their classroom work. And we could do all that for just about any student who'd be interested in such an ideal college situation.

The financial realities, of course, won't permit that. Neither will the policy and political realities of Minnesota's broadly-based system of public and private higher education institutions.

For the last several years, the University and state government have been developing a new approach, based on increasing the amount of money available per student by some increases in state appropriations for instruction and some decreases in Twin Cities Campus enrollment -- somewhat more state money spread among somewhat fewer students, yielding enough of an increase in dollars per student to promise increases in the quality of education.

The other important part of the bargain is that the University and state government recognize that the University is not the only game in the state. Our plans are grounded in the full realization that Minnesota's higher education is provided by four public systems and a wide array of private institutions, all of which receive direct or indirect state support in order to provide access to higher education to the widest possible spectrum of students. There is nothing in recent legislative action to suggest that elected officials want to change that pattern of shared access and teaching responsibilities.

We then have the responsibility of presenting to the state a plan that fulfills our commitment to improve the education for our students, while continuing to provide access to as many properly prepared students as possible -- within the limits of available resources. We must insist on the preparation necessary for students to successfully complete their degrees at the University of Minnesota -- as we have begun to do through the new preparation requirements that have been announced for 1991.

We must seek out opportunities to provide access for properly prepared students wherever such access is compatible with quality of education. But, regrettably, where quality of education and access are in conflict because of a shortage of resources, quality of education must not yield to access -- what may be only access to failure for our students.

Those are the choices we will face as the Board addresses the question of enrollment targets at the October and November meetings. By December 1, the legislature must hear from us where we intend to go. We must send a strong message that quality of education is our foremost concern -- a quality of education that means rewarding student careers on all of our campuses, graduation in a timely manner, and lives that are personally fulfilling and useful to society.

• Progress on Financial Management System •

To shift gears a bit and talk about solving old problems, I wanted to conclude by pointing out that this morning's presentation of the Financial Management Systems Proposal was an essential step in carrying out a most important part of the action agenda we laid out last spring. Next month, the Board should be able to take final action that specifies precisely what changes will be made -- and when -- to improve the University's management information systems. The blueprint is ready, some of the basic groundwork is being done, and the rest of the work is nearly ready for your final approval.

The completion of system development work for accounts payable and purchasing will be done by January 1, 1990.

Phase One of the general ledger improvements will be done by July 1, 1991, with Phase Two completed by July 1, 1992.

This is a massively complicated effort, but the planning stages are finally done, and we are all eager to get on with systems that will yield better management and the higher standard of public accountability that must be delivered.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
October 13, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, in the interest of time, my comments this morning will summarize the material in my regular written report. Since I made my remarks on the enrollment policy to the Committee of the Whole, I've simply had them reprinted here for your files and for the information of others who receive copies each month.

**• A Plan to Improve the Students' Learning Experience
at the University of Minnesota •**

Today I'm proposing to you the confirmation of a policy designed to increase the proportion of students who graduate from the University of Minnesota. This may sound surprising, since the key issue is limiting enrollments, but this is not a paradox.

It's a matter of emphasizing the purpose of the enrollment limitations. Those limitations have only one purpose, to solve the problems caused by overcrowding and provide an even better learning experience for our students.

For a number of years, the University of Minnesota has had the lowest graduation rate in the Big Ten. We graduate around 10% after four years, 30% after five. The averages for the Big Ten are more like 35% after four years and 54% after five years. We've also seen freshman year drop-out rates as high as 25% in 1982, down somewhat to 21% by 1988.

These rates are unacceptable.

While there may be several factors that contribute to this situation, two are most certainly part of this picture. They are inadequate preparation and overcrowding.

The Board of Regents has already determined that these two factors are significant and has taken appropriate action. The Board has dealt with inadequate preparation by establishing new preparation requirements for students who will enter the University in the fall of 1991 or later. It's too early for final answers, but we already know that Minnesota's secondary schools have taken seriously the University's leadership in this area. It's been difficult and controversial for some districts, but they are obviously making progress. Other districts have been vocal in their support, telling us that our leadership has helped them make improvements they have wanted to make. The result, as far as we can tell at this time, is that

substantially more students are already coming to the University with the preparatory courses we have defined.

In 1987, in order to deal with the overcrowding problems, the Board and the Legislature adopted enrollment targets for the period 1988-1993. This agreement, coupled with other funding decisions to help us with instructional and academic support budgets, has allowed us to translate planning priorities into budget priorities. We're beginning to chip away at some very long-standing problems of overcrowding in our instructional programs, and we have, I think, a clear understanding of what remains to be done.

These steps -- new preparation requirements and limits on enrollment, coupled with program improvement funding -- are the essential steps in ensuring that the students who enter the University of Minnesota will have a fair chance to succeed, that is, graduate. These measures are intended to ensure access to success, not access to failure.

I firmly believe that these steps will lead to an improved learning experience and an improved graduation rate, one more comparable with those of the other Big Ten universities. Rather than an unacceptable drop-out rate, and unacceptably protracted undergraduate careers, we can see a larger proportion of students entering productive careers with Minnesota degrees, and I surely hope they can earn those degrees in a more reasonable span of time. A Minnesota degree is already valuable tender on the job market, and it can become even more valuable.

That is why I am recommending today that the Board act next month to confirm the enrollment targets established in the 1987 appropriations bill for the period through the academic year 1992-93.

I do this because in my view this is a necessary step at this time, if we are to deal with the negative effects of overcrowding and be able to improve the learning experience for our students.

There are several related issues that I hope we can consider this morning. They have already been identified in the discussions of enrollment policy that we have held over the past few weeks. Let me simply list some of the most important ones.

Mission Differentiation

The University's "Commitment to Focus" has always been our part of a broader mission differentiation process involving MHECB and all the other higher education systems and requiring the active support of the Governor and the legislature. University enrollment policies and plans to improve the quality of instruction must be considered and implemented in that larger context.

Retention and College Attendance Rates

Enrollment targets set in 1987 did not -- indeed, could not -- anticipate the enrollment effects of higher retention and a higher college attendance rate. Some room for retention improvement was allowed, but we expect that the effects of retention will exceed the original estimates. Likewise, Minnesota's college attendance rate, which has averaged 82.1% over the last ten years and which reached a high in 1987 of 87%, and that trend has undermined some of the assumptions concerning excess capacity in other systems that were used in 1987. These changes do not require adjustments in University enrollment targets at this time, but they certainly bear careful scrutiny in enrollment planning for the years beyond 1992-1993.

Individual Campus Enrollments

We can at this time accept the current enrollments at UMD and UMM within our systemwide target, although they are higher than was envisioned when the original target was set. We can do this because the Twin Cities campus has somewhat fewer students than originally envisioned. However, it should be noted that maintaining those enrollments will slow down planned improvements, since resources that could otherwise be used for improvements on those campuses have to be used to cover the higher enrollments.

Diversity

University enrollment planning must include a deliberate effort to recruit, retain, and graduate increasing numbers of students of color. An integral part of that effort is also increasing the number and proportion of women and minorities in the University's faculty and staff.

Tuition and Student Financial Aid

Tuition policy and student aid funding levels remain serious issues that influence access. Without changes in the future, the current tuition policy will result in substantially higher tuition, since instructional costs have to be spread among a smaller number of students. Our options continue to be seeking a change in the 33% formula, refining the distinctions between instructional and non-instructional costs, seeking a different offset for high cost programs, and changing student financial aid programs.

MSPAN - I

The University should and will participate actively in MSPAN - I planning. For sound educational reasons, the University is likely to be the most logical provider of some of the needed programs, but those decisions must be made outside the framework of current enrollment and funding plans.

• Presidential Goals and Objectives - 1989-1990 •

In accordance with my contract with the Board of Regents, I have submitted the statement of goals and objectives that is appended to this report. This statement is intended as a broad map that my administration is following this academic year, but I hope it is specific enough to serve as the basis for your evaluation of my efforts. I will, of course, welcome any questions or comments you might have at any time. By its nature, this kind of statement serves best to initiate -- not to encompass -- the communication we need to maintain.

• President's Report to the People of Minnesota: 1988-89 •

Also appended to this month's report is an up-date of what was popularly called my "report card," presented last March to lay out the action agenda that my administration was addressing, as well as the progress we had made by that time.

Six months later seemed an appropriate time to issue a new update of that report. As I said in its cover letter, "checking off 67 of the 69 items does not mean the work is done; it means it's *being* done -- that the process has been started -- and in several cases that means a long-range effort to build on successful programs to accomplish University-wide improvements." Under my concept of presidential accountability, I regard this agenda and the actions it involves to be another important vehicle for both communication and evaluation.

• University of Minnesota Leadership Program for Academic Administrators •

One of the actions listed in the President's Report is "developing a training program for new academic administrators by the end of 1989." The need for such a program has been cited often, and now, thanks to Carol Carrier in Academic Administration and Tim Delmont in Management Planning and Information Services, we have that program up and running.

Starting in mid-September and running through mid-March, eight four-hour seminar sessions are already scheduled, and it was my pleasure to participate in one last month. Each seminar covers a different aspect of academic administration, and they usually include presentations, panel discussions, and informal discussions. Having seen one seminar first-hand, I can assure the Board that Carol and Tim have developed a carefully planned program that is genuinely responsive to real-life needs. It's going to make a difference.

The program also includes orientation and briefing activities for new administrators, the development of a model for the annual evaluation of department administrators, and the preparation of a handbook on academic administration.

• Annual Meeting of the Association of Graduate Schools •

Last month, the University of Minnesota hosted the 1989 Annual Meeting of the Association of Graduate Schools. This association is part of the Association of American Universities, so our guests were the graduate deans of AAU's 56 U. S. and two Canadian research universities.

William Bowen, president of the Andrew W. Mellon Foundation and former president of Princeton University, lead an important session on faculty supply and demand. Other sessions dealt with "Doctoral Education in the 21st Century," "The Changing Research Environment: Strains and Opportunities for Graduate Education," and other topics that graduate deans usually talk about.

The most intriguing session, though, was called "The Intellectual Environment for Graduate Education: Students' Perspectives," featuring Minnesota graduate students Onnie Byers, Keith Bellairs, Trudy Dunham, Cathy Ojakangas, Rebecca Seal, and Lutalo Toure. They provided commentaries that haven't been the usual stuff of AGS meetings; in fact, this is the first time graduate students have been asked to speak to the Association. Given the quality of our students' contributions, I think it's safe to say it won't be the last.

Patricia and I had the pleasure of hosting a dinner for the graduate deans, but I hasten to add that Minnesota's real host for the annual meeting was Dean Bob Holt. It was Dean Holt who really designed the program, and we heard nothing but praise for his fine leadership.

• Midwest Universities Consortium for International Activities •

Yet another important gathering in Minnesota last month was the 1989 annual retreat of the MUCIA Council of Presidents and Board of Directors. We've been a member of MUCIA for twenty years, and I'm

afraid our involvement with this organization is one of those examples that we have not publicized enough. To give the Board an overview, I asked Julie Nester from the Office of International Education to put together a background paper from which I could draw for this report. Looking over her paper, though, I felt I wouldn't improve on it, so I've appended her full report, and I'd strongly recommend it to you as an excellent summary of some very exciting international efforts.

• Minnesota-Manitoba Agreement for Educational Cooperation •

September also marked the signing of a new agreement for educational cooperation by Governor Perpich and Manitoba Premier Gary Filmon. Hopefully, this agreement will lead to a reciprocity arrangement for students, but it also promises much broader cooperation across the full range of higher education programs.

Regents will hear much more about this in a Manitoba-Minnesota symposium during the February 14-15 annual Minnesota Governing Boards meeting, so I thought I should append the full copy of this agreement. I promise that's the last document I'll add.

• Planning for the 1990 U. S. Olympics Festival and the 1991 International Summer Special Olympics •

As the last item in this month's report, I'd like to remind you that the University will be the primary site within the Twin Cities metropolitan area for many of the events of the 1990 U. S. Olympic Festival and the 1991 International Summer Special Olympics.

Planning for these two major events is proceeding under the direction of Acting Vice President Nick Barbatsis and Director of Housing Chuck Lawrence, who will also serve as University Coordinator for both events. They have already met with the Provost's Cabinet, the deans, and a large group of department heads, and they're in regular contact with the organizing staff of both events. They are especially concerned with keeping all parts of the University informed on the status of planning and commitments that have been made or will need to be made. They're also coordinating the University's efforts with the other participating schools (Macalester, Augsburg, St. Thomas, and Bethel) and the city and state agencies that will be involved.

The University will have a contractual arrangement with the Olympics. That's in draft form now, and meetings will be scheduled soon to discuss specific arrangements for sports facilities, housing, parking, security, transit, and the use of other campus facilities and services. To date, we are committed to housing 1900 athletes, coaches, and trainers in four residence halls for the Olympic Festival, and 4600 in six halls for the

Special Olympics. Nine sports (including all track and field events and swimming) will be competing on our campus during the Festival, and six sports will be in our facilities during the Special Olympics. There will be something like 1400 media personnel on campus to provide national and even international coverage, with at least 20,000 spectators attending the various daily events.

We are attempting to make both events very special, not just for the participants and spectators, but for the University community and our entire community of Minnesota.

Enclosures:

"Presidential Goals and Objectives, 1989-1990," Nils Hasselmo

"President's Report to the People of Minnesota: 1988-89"

Also distributed at the October 13 meeting, but not enclosed, were:

"Background on M.U.C.I.A."

"Minnesota - Manitoba Agreement on Educational Cooperation," September 19, 1989.

Copies of these are available by calling (612) 624-2855.

University of Minnesota

PRESIDENTIAL GOALS AND OBJECTIVES

1989-1990

President Nils Hasselmo

The following report is submitted upon the request of the University of Minnesota's Board of Regents and constitutes a summary of Presidential goals and objectives for the 1989-90 academic year. Three introductory comments warrant consideration.

First, by design this statement relies heavily upon two sources: 1) the University's planning process, and 2) the Presidential action agendas. The planning process was initiated more than a decade ago and has enabled the University to focus its long-term priorities through a continuous refinement of institutional, collegiate, and campus activities. The action agendas, in turn, represent a more recent set of responses to a series of immediate, short-range as well as continuing challenges. Together, the planning process and action agendas comprise the essential framework for University goal setting and decision making.

Second, by necessity this statement is limited in its detail. It is a broad map rather than a detailed blueprint; a reformulation of enunciated goals rather than a call for specific new directions. Many of the proposals that follow are already being implemented; others are subject to additional community review; still others resist implementation within a one-year time frame or without significant additional funding. As such, the pursuit of various goals will require continued refinement, strategy development, resource identification and, of course, Regental involvement.

Third, by choice this report is a collegial as well as personal expression. With few exceptions, the proposals contained here reflect the advice of internal consultative groups, the recommendations of external task forces, and the counsel of each Vice President and Chancellor. At the same time, the responsibility of authorship is singular because this statement is, and must be judged as, the course that one individual . . . the President . . . would chart for Minnesota's flagship system of higher education.

Consistent with the above, seven broad goals along with a limited number of related objectives are presented for Regental consideration.

1. Establish and communicate the mission and aspirations of the University of Minnesota in teaching, research, and public service.

- Develop an inaugural statement on "The University of Minnesota in the 1990s" that summarizes the University's aspirations and its role in the state and nation among higher education institutions
- Support efforts to make the arts and sciences and the professional schools, graduate and undergraduate education, and teaching, research, and public service function as parts of an integrated enterprise, characterized by complementarity, synergism, and enhancement of quality.
- Continue the review and further development and implementation of academic priorities through an annual planning, budgeting, and decision cycle in order to
 - enhance the quality of the undergraduate, graduate and professional learning experience
 - create conditions conducive to the further development of outstanding research, scholarship, and artistic activity, and
 - strengthen further the University's outreach to the state through public service and transfer of knowledge.
- Participate actively, with the Higher Education Coordinating Board, Higher Education Advisory Council, and other institutions and agencies, in statewide planning and action for the improvement of education in Minnesota.
- Participate actively, with various associations of universities or presidents and with professional societies, in planning and action for the improvement of teaching, research, and service at the regional, national, and international level.

2. Maintain and enhance the University's accountability to the citizens of the state.

- Continue regular review of important issues through the President's Reports to the Board of Regents, position papers, and other documents shared with the Board and internal and external constituencies.
- Make better known the many contributions of the University to the state, the nation, and the world through the development and implementation of a communication plan.
- Ensure the effectiveness of existing and new auditing procedures that involve regular reporting to the Board of Regents and the state.

3. Maintain and enhance the effectiveness of University management.

General

- Streamline the interaction between the administration and the Board of Regents by working with the Board to develop appropriate formats for docket materials and an appropriate organization of, and schedule for, committee and Board meetings.
- Complete the recruitment on vacant senior administrative positions.
- Ensure that senior administrators establish annual objectives and are properly evaluated.
- Maintain and enhance training programs for academic and non-academic administrators.

Program Evaluation

- Ensure the effectiveness of the academic periodic program review system.
- Develop new and better methods for the assessment of program effectiveness in the context of educational development.
- Establish a periodic review system for non-academic units based on self-study and review by representatives of the University community as well as outside consultants.

Financial Management

- Develop and begin implementation of a new all-funds budgeting system.
- Develop and begin implementation of the first phase of a new financial management system.
- Monitor compliance with existing financial policies, and amend these policies as necessary to ensure proper use of resources.

Physical Plant Management

- Ensure that a proper management structure is established on the Twin Cities campus.
- Ensure proper work assignments for different categories of physical plant personnel on the Twin Cities campus.
- Begin assessment of deferred maintenance on all campuses and of possible approaches to dealing with this problem.

- Continue physical facility planning in the context of academic planning.

- Explore ways in which the physical characteristics of all campuses can be further enhanced as a means of strengthening faculty, staff, and student morale.

4. Maintain and enhance the effectiveness and well-being of the faculty and staff of the University.

- Help faculty, staff, and administrators throughout the University create environments that support intellectual vitality, entrepreneurship, and productivity.

- Ensure the recruitment and retention of highly qualified faculty, staff, and administrators through continued efforts to acquire resources for a competitive compensation program.

- Ensure diversity among faculty, staff, and administrators through special recruitment and retention programs for women, persons of color, and other protected groups.

- Maintain and enhance morale through continued efforts to provide appropriate equipment and staff support for teaching, research, and service, and appropriate career development programs and career opportunities.

- Ensure proper working conditions in teaching, research, and service through continued efforts to maintain, renovate, and construct appropriate physical facilities.

5. Maintain and develop appropriate criteria and programs for the recruitment and admission of students.

- Continue the refinement and dissemination of information concerning the 1991 preparation standards.

- Recruit students with the ability and preparation to benefit fully from the learning experiences afforded by the University.

- Ensure the diversity of the student body through special programs for the recruitment and retention of students of color, and students representing other protected groups, at the undergraduate, professional, and graduate level.

- Refine the enrollment targets for the University as a whole, and for individual campuses and units, to maximize access while ensuring high quality instruction.

- Ensure easy transfer within the University and from and to other institutions, especially through transfer agreements with the state's community colleges.

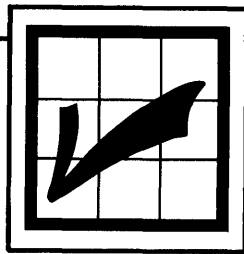
- Provide appropriate programs for high-ability students as well as selected underprepared students.

6. Maintain and enhance the programs of the University in teaching, research, and public service.

- Improve the quality of undergraduate education through the recognition of outstanding teaching, the reduction of classes that are too large, better training for teaching assistants, better instructional equipment, better study space, and the enhancement of special learning opportunities available in a university heavily involved in research and service.
- Improve the quality of graduate and professional education through the recognition of outstanding teaching, the reduction of the student-faculty ratio, better financial aid, and better instructional equipment.
- Enhance research, scholarship, and artistic activity at the University through the recognition of outstanding performance, the maintenance of appropriate facilities and support services, facilitation of funding requests, and the use of indirect cost funds as incentives.
- Enhance the public service of the University through cooperation with other institutions and agencies, the maintenance of appropriate outreach programs, facilities and support services, and recognition for service contributions by faculty and staff.
- Explore ways in which extra-curricular and co-curricular activities can enhance the intellectual and social environment for the students, with special attention to freshmen and sophomores on the Twin Cities campus.
- Enhance the sense of community with the University for faculty, staff, students, alumni, and the public at large through the presentation of outstanding programs in the arts to the University community and the public.
- Enhance the sense of community with the University for faculty, staff, students, alumni, and the public at large by maintaining programs in men's and women's intercollegiate athletics characterized by proper academic standards, compliance with NCAA and Big Ten rules and regulations, and competitiveness within the Big Ten Conference.

7. Maintain and enhance support for the University through continued contact with important constituencies.

- Maintain an effective working relationship between the administration and the Governor and the Legislature.
- Maintain an effective working relationship between the administration and alumni and friends organizations.
- Maintain an effective working relationship between the administration and the University of Minnesota Foundation and advisory boards and councils.
- Provide accurate and timely information concerning developments at the University to the media and the public.
- Interact regularly with individuals and groups throughout the state.



University of Minnesota

President's Report to the People of Minnesota: 1988-89

Summary of Progress since March 1989

- ☒ agenda items completed (14)
- ☒ in process; partially done (14)
- ☒ \$ requires additional funds (2)
- ☒ not contemplated - a review of priorities indicates that resources are better spent elsewhere to accomplish same ends (1)
- ☐ no action to date (1)

In my "Report to the People of Minnesota" in March 1989, I promised a higher standard of public accountability. That report outlined an action agenda for improvements in University management and accountability, as well as quality improvements in the University's primary missions: research, teaching, and public service.

Six months ago, we could report that much progress had been made in each of these areas, but we had not finished all the work we had set out to do. We still haven't. Much of this work involves a long-range process that must be followed through with careful step-by-step actions, not quick fixes that transform a complex university overnight. Real change doesn't happen that way.

A higher standard of public accountability means keeping Minnesotans informed of the progress we're making. I regard that as a commitment to regular reporting, and I'm pleased to report solid progress on that action agenda.

Last spring, we could report actions on 37 of the 69 items on our agenda. Over the last six months, 14 more have been completed, 14 are in process, and 2 require additional funds to complete. One item remains to be acted upon; another has been dropped because the same ends can be accomplished in other ways.

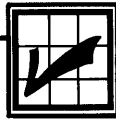
Checking off 67 of the 69 items does not mean the work is done. It means it's *being* done—that the process has been started—and in several cases that means a long-range effort to build on successful programs to accomplish University-wide improvements.

Meanwhile, in 1988-89, we have awarded 10,478 degrees, we've found that our faculty members have brought in 15 percent more research funds (\$205 million) than last year, and our outreach and technology transfer programs have made widely recognized progress.

In all, 1989-90 is off to a fine start, and I am optimistic that the University of Minnesota will turn your support and trust into the tangible accomplishments you have every right to expect.

Nils Hasselmo

Nils Hasselmo, President
October 10, 1989



Management

Finances

- ☒ Resolved by action of the Board of Regents to act on all criticisms and recommendations of the Governor's Blue Ribbon Commission on Financial Management, the legislative auditor's report on the physical plant, and the joint University/Legislative Financial Review Committee.
- ☒ Appointed former state finance commissioner Gus Donhowe to be senior vice president for finance and operations.
- ☒ Developed a blueprint for new financial management systems.
- ☒ Instituted a regents' policy on the appropriate level of central reserves, with monthly public reporting on reserve expenditures and balances.
- ☐ Proceeding immediately to select and install a computerized financial management system no later than June 1991.
- ☐ Implementing a new, comprehensive budget process.
- ☒ Providing annually to the governor and the legislature a complete report on all University of Minnesota finances.

Physical Plant Operations

- ☒ Developed and presented to the Board of Regents within eight days a comprehensive plan responding to all 58 recommendations of the legislative auditor's report.
- ☒ Implemented 33 of the recommendations by January—less than five months after the audit.

- ☒ Changed reporting relationships: Physical Plant Operations will report to the senior vice president for finance and operations.
- ☒ Hired a nationally known consultant to evaluate the University's response to the auditor's recommendations.
- ☐ Accepting responsibility to run a cost-efficient physical plant in line with those at comparable universities.

Organization

- ☒ Assigned management of the president's home to the office that oversees other Twin Cities campus residential facilities, working in collaboration with a regents' committee.
- ☒ Expanding the involvement of all campuses in decisions made by central administration.
- ☒ Including the chancellors from the four Greater Minnesota campuses in a new president's cabinet that will decide systemwide planning and budget issues.
- ☒ Will hold regular meetings of the president's cabinet on all campuses.

Effective Management

- ☒ Reviewing five key support units as the next step in strategic planning.
- ☐ Requiring all support programs, beginning May 1, to go through a five-year peer review and external review cycle similar to the academic accreditation process.
- ☒ Developing a training program for new academic administrators by the end of 1989.



Research Mission

- ☑ Faculty attracted \$180 million in research funds in 1988. Those funds permit continued investigation on issues of significance to Minnesota:
 - UM Heart Study is tracing changes in heart disease and survival rates to provide insights into the effectiveness of new approaches in treatment and prevention, including designation on restaurant menus of healthy foods.
 - The Center for Interfacial Engineering is investigating the structure of conducting polymers, which may lead to improved microelectronic devices.
 - The Plasma Center is working with methods of synthesizing new superconducting compounds.
 - Water researchers are gaining a new understanding of connections between agricultural practices and groundwater pollution to find ways to protect groundwater.
 - Scholars in cognitive sciences and artificial intelligence are testing new theories on how the brain processes visual stimuli, which may lead to a machine that can truly “see.”
 - Historians are uncovering new information on how women have shaped the role of public policy over 200 years.
- Natural Resources Research Institute faculty in Duluth are working with the Greater Minnesota Corporation to stimulate economic growth and creation of jobs through applied research, technology transfer, and product development.
- Plant biologists are developing a new variety of higher protein corn—a potential boon for Minnesota farmers.
- ☑ Patented 24 faculty inventions in 1988 to place fourth among all American universities.
- ☑ Supporting our most talented young faculty by appointing them McKnight Land Grant Professors in a program that provides extra support for their research, increasing the likelihood that they will stay at the University of Minnesota.
- Expanding “seed money” programs for stimulating new research. These small grants attract outside funds—often in amounts 10 times the original investment.
- ☑ Establish the Minnesota Supercomputer Center, the most advanced academic supercomputing facility in the world, with access for University faculty and students, Minnesota companies, and other colleges and universities in the state.



Undergraduate Education Mission

- ✓ Awarded 5,834 undergraduate degrees across five campuses in 1987-88.

Curriculum Improvements

- Planning active approaches to learning, writing, critical thinking.
- Increasing opportunities for internships and study abroad.
- ✓ Introduced Project Prosper on the Morris campus fall 1988: changes include a small “inquiry” course for all freshmen during their first quarter and a performance requirement in the arts.
- ✓ Beginning Project Sunrise—a totally new curriculum—in the College of Agriculture on the Twin Cities campus fall 1989.
- ✓ Conducting a one-year freshman core curriculum experiment in the College of Liberal Arts on the Duluth campus.

Recognition and Support for Teaching

- ✓ Honoring faculty members with the Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education, a recognition program now in its 25th year.
- ✓ Supporting faculty efforts to integrate their research and creative activities with their undergraduate classes through Bush Sabbaticals. More than 175 faculty members have received Bush Sabbaticals, and funds will be available for 20 more in the 1989-90 academic year.

- ✓ Encouraging undergraduates to participate in research. Continuing to expand beyond 300 the number of students in our nationally recognized Undergraduate Research Opportunities Program, in which students work closely with professors.

- ✓ Expanding training workshops for teaching assistants (TAs) and strengthening the requirement that all foreign TAs demonstrate proficiency in English.

- Targeting the largest classes on the Twin Cities campus for improvement in teaching approaches.

Admitting, Advising, and Supporting Our Students

- Simplifying admissions procedures so that all Twin Cities campus students are admitted via a single procedure.
- Personalizing and increasing advising through new peer adviser and expanded freshman orientation programs.
- ✓ Assessing student progress toward and through graduation to determine what improvements are needed in curriculum, services, and student support.
- Incorporating into students’ academic records courses transferred from Continuing Education and Extension and from other schools.
- Renovating 1,200 student study spaces on the Twin Cities campus and remodeling 21 classrooms between 1988 and 1990.



Outreach Mission

- ☑ Offering 2,500 continuing education credit courses in 200 academic fields with emphasis on developing new graduate and professional programs for working adults.
- ☑ Enrolling Minnesotans from 85 of the state's 87 counties in independent study courses.
- ☑ Responded to last summer's drought in three weeks with Minnesota Extension Service (MES) education programs across the state. This followed a successful MES farm loan mediation program.
- ☑ Participating through MES in revitalizing rural Minnesota with an economic development program called Project Future.
- 💰 Proposing a state satellite communications system to broadcast courses, workshops, concerts, regents' meetings, and more to county extension offices and to anyone who has a satellite dish.
- ☑ Established LUMINA, a computerized card catalog for University Libraries, which lend more volumes around the state and nation than any other library—including the Library of Congress.
- ☑ Analyzing Minnesota tax policy—through our Hubert H. Humphrey Institute of Public Affairs—at the request of the state government.
- ☑ Accepted commission from the Greater Minnesota Corporation for food technology research on Minnesota crops at Crookston, Morris, and Waseca.
- Developing a computerized database (Minnesota Project Outreach) to link faculty expertise to small businesses around the state. No cost for the smallest companies.
- 💰 Expanding the Duluth campus School of Business and Economics survey of the Duluth economy to encompass all of northeastern Minnesota.
- ☑ Joined with the state and with the city of Minneapolis to form the Minnesota Technology Corridor, an organization charged with aiding the development of small, innovative Minnesota companies.
- ☑ Began Rochester Area Graduate Programs courses in computer science and electrical engineering fall 1988. Plans call for technology management classes to be added.



Accountability

Management Accountability

- ☒ Appointing an audit compliance officer to ensure that audit recommendations are implemented.
- ☒ Reporting results of all internal audits directly to the regents' audit committee.
- ☒ Requiring regents' approval for all changes in the central reserves annual spending plan that exceed \$100,000.
- ☒ Will add staff to the internal auditing department, which currently conducts 20 major audits a year.
- ☒ Will report annually to the legislature a summary of all funds and expenditures.

Mission Accountability

- ☒ Developing a detailed plan for better communicating the central activities of the University—teaching, research, and public service—to the people of the state.
- ☐ Beginning a new effort to explain academic planning (Commitment to Focus) objectives to the public.
- ☒ Continuing the ongoing cycle of comprehensive academic program reviews.
- ☒ Tracking freshmen and transfer students to assess success of University programs.
- ☒ Participating in a national freshman survey to monitor students' expectations, experiences, values, and interests to better tailor services to students' needs.
- ☐ Will expand to the entire University a student complaint hotline system.

- ☒ Will conduct surveys of graduates to determine University experiences that helped or hurt them in the job market.

Accountability for Diversity: Women and Minorities

- ☒ Developed Project Technology Power and the Talented Youth Mathematics Program to increase the number of females and minorities in mathematics, sciences, and engineering.
- ☒ Studied minority issues and programs through a group known as the Taborn committee.
- ☒ Named, as a result of the Taborn report, an associate vice president for academic affairs with responsibility for minority affairs, including recruiting and retention of minority faculty and students.
- ☒ Establishing a new task force to assist the minority affairs associate VP as she works to coordinate and improve resources for students of color.
- ☒ Named a special assistant to the vice president for academic affairs to improve the working environment for women faculty members and administrators.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
November 10, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, I tried three weeks ago in my inaugural speech to identify some of the challenges that we face; I tried to provide a vision for this university in the 1990s as it continues to fulfill its mission in teaching, research, and public service. I tried to address our future.

This past week, we have -- again -- been mired in the past, in the problems of the 1980s.

My speech dealt with tradition and renewal -- the old and the new -- proud traditions and the absolute necessity for creative renewal to position our programs for a new decade, eventually a new century. But instead of concentrating on improvements in the education we provide, our attention has again been fixed on the problems of the past -- harsh reminders that we have an unfinished agenda.

I said months ago that accountability was rule number one in my administration. Last month I presented an up-date of the "report card" we originally presented last March. I was proud -- and I still am -- of the progress we have made on those action agendas: completion or work in progress on 67 of the 69 items on that list. That's batting .971 -- "pretty good" by most standards.

Now we find that last March's list was not complete. A new report from the Legislative Auditor identified more past problems, some of which have prompted intense media coverage and renewed public anger and frustration. Even more intense coverage of the Luther Darville trial and the allegations that are part of it reinforces the general perception of "problems at the U." And to top it off, past actions in the development of the Humphrey Forum have been called into question.

What all of that means is a continuing responsibility to deal with the question of accountability -- both in fact and in perception. We have to respond in fact to the issues. We have to do whatever we can to make sure the people of Minnesota understand our actions -- that their perception of our accountability is clear.

• Legislative Auditor's Report •

The Legislative Auditor's report was released on October 5. It covered the activities of the Office of the Board of Regents, the Office of the President, and the offices of four Vice Presidents in fiscal years 1987 and 1988. The report makes observations and recommendations in nine areas:

- Paid leaves to former administrators
- Regulations on the payment of the Board's secretary
- Expenditures for lobbying
- Expense accounts funded by the University of Minnesota Foundation
- Reimbursement of travel expenses
- Recordkeeping for vacation and sick leave
- Performance evaluations
- Employee contributions for insurance
- Controls over direct bills.

As you know from the report, it acknowledges the University's response from Carol Campbell, Controller and Treasurer, dated September 27, 1989. That response, coupled with the University of Minnesota Foundation Expense Account Policy that Chairman Casey sent to the full Board on October 25, 1989, and the developments on Early Retirement, Administrative Transitional Leaves, and Termination Agreements that were discussed in the Committee of the Whole this morning, constitutes the current University response to the compliance audit.

Those appropriate actions include the actions we discussed this morning. The action plan is attached, and I'll shift to that document for the rest of the explanation.

[The President's Report on Leave and Termination Actions is attached.]

The bottom line is that we are keeping our commitments to accountability, taking the audit report seriously, and following up with appropriate actions.

• Darville Trial •

The trial of Luther Darville isn't over, so we haven't reached that bottom line. We've heard enough to know there were extremely serious problems involving student-athletes. There are some discrepancies between the courtroom testimony and the information given to the investigators in our own investigation, but any version tells a troubling story about the circumstances of some student-athletes and the University's inability to deal effectively with those circumstances.

We know that the pressure for gate receipts, television contracts, and fund-raising means pressure for winning, pressure for recruiting, pressure for athletic performance -- not pressure for learning and earning a college degree that enhances life after athletic careers have run their course. We know that's true all over the country. We know intercollegiate athletics cry out for fundamental reform.

So far, the national effort to reform, unfortunately, has not been effective. We keep trying to reform by adding more and more specific regulations. It's a little like tax reform, where every new regulation opens up new questions for interpretation, where covering one loophole opens up another. This effort must be made more effective, or we will have to cast about for new solutions within the Big Ten Conference, possibly in cooperation with our friends in the PAC-10. If all these efforts fail, we may have to consider certain changes strictly within the University of Minnesota.

I do not believe that will be necessary. I am working with the other Big Ten presidents in supporting the so-called Presidents' Commission that has proposed some changes to the NCAA Convention in January. I also expect that we will support recommendations coming from a new national group chaired by former Presidents Hesburgh and Friday of Notre Dame. I am committed to supporting reform initiatives that may emerge within the Big Ten Conference itself, now ably administered by Commissioner James Delancy.

Many supporters of the University of Minnesota are concerned that the Darville trial will do serious damage to our reputation as an institution. I share that concern. But, we are committed to resolving all the issues that emerged from the report by Mr. Slive, commissioned during the interim presidency of Dick Sauer. We will also deal with any additional issues that may emerge from the trial. In the meantime, we are being extremely fastidious in our compliance effort, reporting any actual or potential rule violations to the NCAA. Their response to this effort has been prompt -- and positive. I trust that the credibility established by this effort will stand us in good stead when we go before the NCAA for our hearing, probably some time in the winter quarter.

• HHH Forum •

Like all the collegiate units of the University of Minnesota, the Hubert H. Humphrey Institute of Public Affairs plays an important role in our teaching, research, and public service. That tradition was important from the very outset of the Institute; indeed, that is why Hubert Humphrey wanted the academic program carrying his name and support to be part of the University of Minnesota. The Humphrey Institute now has a distinguished, decade-long tradition of excellence in teaching, research, and public service, both honoring the man who devoted his life to public

responsibility and delivering public responsibility in the form of University programs.

Next week involves a series of events celebrating the opening of the Humphrey Forum, a public outreach facility to honor the memory, but most importantly the work of Hubert H. Humphrey.

I speak often of the University Community, recognizing that it is a diverse community at many levels, from our campuses and stations and offices to a state, regional, national, and even global community. The "Hubert Humphrey Community" is equally diverse and far-flung, both local and global -- and it's widely believed that he remembered the names of almost all its members!

Hubert Humphrey's "community" wanted a public place to honor the public man. We already had that in the Humphrey Institute and its academic programs, but the Humphrey Forum idea was to collect and display the kinds of materials that can communicate the Humphrey history to the general public, from school children to adults. The Humphrey community wanted this Forum to be housed on our campus, within the Humphrey Institute where it can and will be an integral part of the Institute's and the University's mission. That was the most appropriate choice, backed by public state appropriations and private support, and the University of Minnesota agreed to accept and develop the Forum.

That, I believe, was an entirely appropriate decision. The Forum does serve an important outreach mission, and it will serve it well. And Hubert Humphrey was, after all, a member of the University community. It was here on this campus that he began his political career. It was here that he was a key member of a generation of political leaders, many of whom still serve the University community, the local community, and the global community in University or public service.

Now we have completed the project -- on time, within the budget, and in a physical and programmatic form that promises to deliver the quality of public communication that befits a "great communicator" who earned that title long ago. I look forward to next week's events to deliver that result to the public -- and to keep on delivering those results long into the future.

• State Health Plan •

The previous discussions ranging from the theme of tradition and renewal to issues of personnel policies to matters of the University community seem to have some transition value to another recent controversy, this one within our community.

The University community is now in an open enrollment period for a substantially redesigned State Health Plan. The new plan will require a

number of University and State employees to change their personal physicians or limit their choice of physicians. The community response has been one of frustration and unhappiness.

Well over a year ago, the state began the process leading to the redesign because of dramatic cost increases in the Blue Cross Aware Gold Limited plan. Premiums for fiscal year 1989 increased 60%, and premiums for the current year increased another 30%.

We concluded that we should stay with the State Health Plan for two reasons. We knew the health care utilization of University employees was 12% higher than the average state employee, based on an earlier study. We also knew that we would be using 1.75% of the legislatively approved compensation increases (5% for civil service, 7% for faculty) simply to pay for increased health insurance costs, and we concluded that we had to invest as much of our scarce resources as possible in salaries.

For the future, I have asked Senior Vice President Donhowe to set up a task force to provide the University with better alternatives. They will address the option of a University health plan, but we also want them to address other strategies for managing health care costs, such as preventive medicine, lifestyle changes, and making the campuses smoke free. Similarly, the task force will examine ways to meet individual needs, such as flexible benefits.

I can assure the University community that broad consultation will take place as analyses are done and alternative proposals are developed. We have not been able to do that adequately as one participating organization in the larger state plan.

• Enrollment Policy •

Turning, at last, to educational issues, and getting back to the themes of my inaugural speech, I believe this morning's reaffirmation of our enrollment agreement with the legislature was extremely important to the substance -- not the slogan -- of access to excellence.

I also want to make it clear that getting somewhat smaller in undergraduate enrollment is by no means a guarantee of automatic improvements in undergraduate instruction. Getting somewhat smaller without losing formula state appropriations should help. We will have more money to spend, per student, on instruction. Spent wisely, that money is part of the improvement process. So is additional program support which we can and will request from the legislature and from private donors. In both cases, new money has been provided in recent years; in both cases, we know approval of further support will depend on our ability to demonstrate that we're using money already provided in ways

that reduce the obstacles to quality education and produce real improvements.

Better high school preparation, a genuine success story emerging from our last five years of planning, should also be a help; that, too, is not a guarantee. Better preparation should mean that students are more ready for college-level work, that less time in University classes will need to be spent on remedial teaching. As that happens, it removes an often-cited obstacle to better college teaching; when it happens, there is a clear faculty responsibility to deliver the better teaching. Our faculty can do that, and our policies must reward them accordingly.

The "report cards" published in March and October each had sections on the undergraduate teaching mission. By necessity, that format was limited to very sketchy summaries of what we are doing with curriculum improvements, recognition and support for teaching, and admitting, advising, and supporting our students. And in spite of many attempts to explain how much of "Commitment to Focus" was aimed at improving undergraduate programs, that message was not widely understood.

From now on, I'm hoping to turn far more attention, both inside and outside the University, to educational issues and programs. The instructional improvements that count are made in classrooms, not Morrill Hall. Undergraduate instruction can be enhanced by money and policies, but it happens in the interactions among individual faculty members and their students.

From a central administration perspective, we need better ways of finding out what those improvements are and where they're being made, and then we need to be far more aggressive about sharing the good news. The "report card" exercise could show only a fraction of the quality improvements, but it showed me enough to know there is far more to be recognized and reinforced. Doing just that is the key to earning the increased investments we are asking our public and private supporters to make.

• Goals for Minority Recruitment and Retention •

Yesterday's presentations of the "Report from the Office of Equal Opportunity" and the "Report on Minority Affairs" were also extremely important to the vision of the 1990s that I tried to convey in the inaugural speech. They spoke to the traditions of public universities breaking new ground in opportunities for women and people of color, of social breakthroughs that could only have happened in public universities. More important, they spoke to renewing those traditions in the context of the 1990s, providing not just access, but access to successful educational and working careers.

Those reports also spoke to our local and global responsibilities, and specifically to unity and diversity -- to both the responsibility and the opportunity to embrace diversity in a University community that has everything to gain from bringing new ideas and new talents to contemporary problems.

And both reports carried the message that pretty words are not enough. They lay out our program plans and goals, and some of those goals are clearly and inescapably measurable:

- Doubling the hiring of faculty of color by 1994
- An implementation framework for improving and enriching the academic workplace for women
- Specific minority student recruitment goals for 1994 for all the undergraduate colleges, increasing the number of students of color to 10% of the total enrollment

These measurable goals, along with those that are not so obviously quantifiable, describe a University undergoing fundamental change. It is change not easily made, but it is change that absolutely must happen. The social justice breakthroughs in University of Minnesota history should be a source of pride, but they are history, and this institution now has the opportunity -- and the obligation -- to work for a proud future.

•Rochester Events •

Before I conclude, I want to call the Board's attention to another series of events next week, these taking place in Rochester on November 14th and 15th.

What started as an offer from Barry Kopetz, Director of the University Marching Band, to present a concert in Rochester, has now grown into two days of events to recognize the Rochester area's growing importance to the University.

From 5:00 to 7:00 on Tuesday, eleven exhibits from our "Academia in Review" program will feature University faculty research efforts, and seven additional exhibits will offer information about the University. These will be in the Mayo Civic Center lobby, followed by a free public concert by the Marching Band. Rumor even has it that Mr. Kopetz is willing to turn over the baton to an unnamed Swedish conductor of heretofore unacknowledged skill.

The next morning, Wednesday, I have the honor of speaking at the Rochester area's "Breakfast with the Experts" series, and they have also

invited our "Academia in Review" faculty members, who will be able to show their exhibits again after the breakfast.

In mid-morning, our friends at IBM are taking us on a tour of the IBM complex.

And finally at noon, Rochester Community College President Geraldine Evan, Winona State University President Darrell Krueger, and I are jointly sponsoring a luncheon for the Greater Rochester Area University Center Board, its Board of Providers, and the three Rochester area advisory boards for the Rochester Community College, Winona State University, and the University of Minnesota. We will be hearing a status report on cooperative programs and on the joint use of facilities -- in short, on precisely the kind of interinstitutional cooperation that higher education planning in Minnesota is all about.

UNIVERSITY OF MINNESOTA

Leave and Termination Actions

- **Adopt policy on administrative transitional leave.**
- **Adopt new severance policy for professional/administrative personnel.**
- **Require presidential approval of litigated settlements involving termination.**
- **Complete case-by-case review of early retirements (1982-89).**
- **Enforce Smith contract.**
- **Establish external group to review and assess action plan.**

**President Nils Hasselmo
November 10, 1989**

• Administrative Transitional Leaves •

Background and University Objectives

- Administrative transitional leaves provide senior administrative or collegiate officers, who are also faculty, with a period for professional "retooling" to prepare for resumption of teaching and other faculty roles within the University.
- Staying abreast of rapidly changing fields is an important outcome, benefitting the individual, the students and the institution.
- Appropriate activities during the leave are course design and preparation, research, and other scholarly activities leading to a resumption of faculty responsibilities.
- No entitlements to these leaves exist. The merits of the leave proposal, the future assignment, and the time away from teaching are primary factors in awarding these leaves.

Policy Status

- On September 27, 1989, the University of Minnesota concurred with the findings and recommendations of the Legislative Auditor that "the Board of Regents should review the use of administrative leave and develop a policy regarding its usage." Work began immediately to develop a formal policy.
- This policy is currently under review by the Board of Regents and is being sent to the Academic Staff Advisory Committee and the Faculty Consultative Committee for comments.
- This new policy will be acted upon by the Board of Regents at its January meeting.

Major Features of the Policy:

- The policy applies to all major administrative positions, dean level and above, held by tenured faculty members or continuous appointment professional/administrative appointees.

- To be eligible, an individual must have been an administrator for at least three consecutive years.
- Prior to the leave, the individual must submit a written plan that is approved by the President and then execute a written agreement with the University.
- The maximum leave will be for one year; salary must be at the level of the faculty or other position which the person will hold, not their current administrative salary.
- At the end of the leave, the individual must prepare a report of their activities and return for at least one appointment year; if the individual does not return, the University must be repaid the salary and benefits received during the leave.

Current Usage:

- In 1989-90, five former senior administrators are on administrative transitional leave. Total salary paid out for the year will be \$171,805.
- In 1988-89, eight former senior administrators were on administrative transitional leave with a total salary of \$625,239.

Actions:

- Draft policy under discussion with action scheduled with the Board of Regents for January, 1990.
- President Hasselmo is sending a letter to the five persons on leave requesting an update of their plan and notifying them of the new policy.

• Severance Policy •

Academic Professional and Administrative Staff

Background and University Objective

- In the past, the University has not had a formal policy specifically addressed to severance of professional/ administrative (P/A) staff. Past termination agreements have been negotiated individually using standing policies for other types of employees as a guide.
- Both the University and the individuals involved are best served by the development of a specific policy outlining the general framework and conditions acceptable for such agreements.
- A specific policy is clearly needed in order to provide guidelines and appropriate limitations in future severance agreements.

Policy Status

- The administration has drafted a proposed policy and is presenting it to the Board of Regents for review and will submit to the Academic Staff Advisory Committee for comment.
- Action by the Board of Regents is scheduled for January, 1990.

Major Features of the Policy

- Severance pay is limited to the amount that would be earned during the notice period necessary to terminate the contract, which varies according to the type of contract and length of service. Notice requirements vary from one month to one year.
- The President, in consultation with the chair of the Board of Regents, will sign-off on severance agreements. In so doing, the President will consider the cost to the University, the advantage to the University from replacement and minimization of disruption, and the overall interest of the University.
- Any severance agreement must be in writing and executed by the individual and the President.

- This policy is available only to people leaving the University and not to administrators also holding tenured faculty appointments who are returning to faculty positions. They are governed by the Administration Transitional Leave Policy.

Action

- New policy is scheduled for action at the Board of Regents meeting in January, 1990.
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• Early Retirement •

Background and University Objectives

- The usefulness of early retirement has long been recognized as a means for effecting organizational change and easing transition for individuals. Early retirement options are used in private and public organizations, such as the Rule of 90 in Minnesota state government.
- The state budget crises of the early 1980s required significant retrenchment in recurring budget obligations.
- At the same time, the University embarked upon a planning process designed, in part, to identify high priority programs and reallocate funds to them.
- In both cases, the planning effort had already established the essential priority directions -- lower priority programs from which funds should be retrenched, and higher priority programs to which some of the retrenched funds should be shifted.

Policy Status

- To free up recurring funds obligated for tenured faculty salaries, the Board of Regents approved (3/12/1982) three voluntary options that designated programs could offer to tenured faculty: **Separation Pay, Phased Retirement, and Early Retirement.**
 - Separation Pay allowed up to two years of salary at full pay, partial salary over a longer period, or a lump sum payment.

- Phased Retirement allowed partial leave--at least 25% time--without salary, providing the faculty member agreed to retire within ten years.
- Early Retirement for faculty who had reached age 62 provided supplemental annuity payments to equal the income they would have received three years later; for faculty at age 66, what they would have received at age 68.
- On July 11, 1986, the Board of Regents revised the policy, based on experience with the 1982 policy and the need to continue voluntary options to facilitate program change within units. The options were defined as **Phased Retirement and Terminal Leave / Early Retirement**.
- Phased Retirement changes were essentially technical.
- Terminal Leave/Early Retirement was made available to faculty younger than 62, with a schedule of maximum salaries by age category.

Frequency and Costs

- In the 7.5 years since the policy was enacted the University has had 127 faculty take early retirement. Some facts:
 - These individuals averaged 21.8 years of University of Minnesota service, with 32 individuals with over 30 years of service.
 - University of Minnesota paid them an average of 1.4 years of salary.
 - If these individuals had not retired, their paychecks until the age of retirement would have totalled \$33,221,885.
 - The total payout across the seven years is \$6,755,395.

Immediate Actions

- A case-by-case review for compliance with University policies is underway.
- Policy is under study by a University Senate committee and is being discussed by the President's Cabinet. This analysis and discussion may lead to policy changes.

LITIGATION SETTLEMENTS

Objective

The objective is to assure Presidential review when the University enters into an agreement in settlement of litigation or potential litigation involving termination or resignation of employees. The amended policy (attached) requires Presidential review and approval of such agreements. At present this review is conducted by the Vice President for Finance and Operations along with the Dean or Vice President of the affected area with consultation with the chair of the Board in significant or controversial cases.

Status of Policy

This policy change is brought to the Board for review at the present time and will be submitted for information and action in December and January respectively.

Frequency and Cost

The number of Settlement Agreements that lead to termination is not large, but they tend to be controversial. For example, for all civil litigation from 1986-1989 excluding Rajender, 94 cases have been concluded. Only twelve involved personnel actions and two involved resignations or terminations. Similarly, there were 92 claims concluded before the Department of Human Rights and the EEOC

from 1986 to the present. Only eleven involved settlements, and only two of those involved resignations or terminations. Finally, there were only a handful of grievances resulting in settlements involving termination or resignation.

Features of Policy

All settlements must be reviewed and approved by major administrative officials of the University and must involve the recommendation of the Office of the University Attorney. While each case is analyzed individually, the analysis includes: 1) an assessment of University position versus plaintiff (risk of adverse result); 2) amount of damages or other relief which might reasonably be imposed if liability is established; 3) costs of the litigation in dollars and disruption; 4) overall University interest, including such matters as any principle of policy or law involved in the case.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
December 8, 1989**

Mr. Chairman, Ladies and Gentlemen of the Board, last week was the anniversary of the very special homecoming this Board made possible by announcing my selection as the new president. And since this anniversary almost coincides with the season for all those "year in review" retrospectives, I thought I'd get my own version in early and use this opportunity to bring you up to date on a number of topics.

• Planning and Budgeting Cycle for 1990-91 •

Closer coordination between planning and budgeting has been a genuine source of strength for several years now, and I'm very pleased to report that next year's planning and budget cycle promises significant further improvements. Next year's cycle, for 1990-91, is well underway, and later this month the President's Cabinet will be setting salary distribution and budget reallocation guidelines.

Budget and planning meetings with units will be conducted during January and February, followed by the preparation of Cabinet recommendations in March. Those will be brought to the Board for information in April and action in May, leaving late May and June for the budget worksheet preparations.

I want to call your attention to three very important features of the 1990-91 cycle:

- Next year's budget will be an "all funds" budget, including all sources of revenue and balances, an improvement that has been recognized as essential by the Spencer Commission and others.
- Tuition and fee issues will be dealt with as key parts of the overall budgeting and planning process.
- For 1990-91, a "Performance Standards Framework" is being developed to:
 - Improve internal department management,
 - Deliver concise, meaningful, and timely performance reports to the administration, the Board of Regents, and the state legislature, and

- Enable resource allocation and administrative and policy decisions to be based on goals and performance.

Senior Vice President Donhowe and his staff will implement a prototype performance standards framework for selected units in Finance and Operations. That framework will be reviewed and refined as we move toward performance standards frameworks that can be used throughout the University in the future.

These features of the 1990-91 planning and budgeting process, along with the aggressive program to improve the University's financial and management information systems, promise the improvements in University management that we have all been seeking.

• Rajender Salary Settlement •

As Acting Vice President and General Counsel Bill Donohue explained in his December 1 letter to the Board, the Rajender Salary Settlement agreement is now final, effective November 1, 1989. In an important way, that is very good news from 1989. A long, complicated, and sometimes difficult process has now run its full course. It's settled, and we can go about our business.

We cannot, however, go about our business as if nothing had happened. We have to learn from that experience.

In a nutshell, it's like that old story about the doctor's patient who says, "it hurts when I do that," and hears the sage advice, "don't do that."

I can assure the Board that the University has learned from this case. Personally, I learned from it before I left for Arizona, and the Minnesota experience was instructive as I dealt with gender-related issues there. On my return, I was heartened to see that the University of Minnesota had not simply waited for the legal disposition of the case, but had moved with both tough policies and creative programs to advance and enhance the career opportunities of women. That has become an integral part of the business we are now about.

• MSPAN - I and MSPAN - II •

Within the next few weeks, I will be sending you a progress and status report by the Higher Education Advisory Council. This will be an interim report, dealing with the undergraduate access and practitioner-oriented degree issues raised in the MSPAN -I report on the metropolitan corridor.

MSPAN - II, dealing with Greater Minnesota, is in progress now, aiming for a report in fall, 1990, and representatives of all the University's Greater Minnesota campuses are participating actively.

The Higher Education Advisory Council will then develop a comprehensive response, covering both MSPAN - I and MSPAN - II, to the Minnesota Higher Education Coordinating Board and the Minnesota Legislature.

• WICHE and Manitoba Agreements •

As I reported to you in October, Minnesota has signed a cooperative educational agreement with Manitoba. Also this fall, Minnesota has signed an agreement with the Western Interstate Commission for Higher Education (WICHE). Neither agreement involves new University of Minnesota obligations that call for Board of Regents consideration, but both have implications for us and open new opportunities for cooperation. As any developments emerge that need Board discussion or action, I will bring them to your attention.

• Leave and Termination Actions •

At last month's meeting and again this morning, we've had considerable discussion of the leave and termination issues and the policy actions that have been recommended to you for action in January. During this time, we are following through with consultation with the Senate Consultative Committee, the Academic Staff Advisory Committee, and the Civil Service Committee. And, as you know, I have also involved a special task force, Chaired by former Chief Justice Douglas Amdahl, with Ms. Gladys Brooks, Regent Emeritus Neil Sherburne, and Mr. Roger Hale, to review these matters independently. Their judgments will be reported to you before you take action next month.

• 1989 Community Campaign •

I have some very nice news to report from the 1989 Community Campaign. Dean Gilbert Banker of the College of Pharmacy, who chaired our 1989 campaign, tells me that as of November 18, the University community had pledged \$705,475 to the six agencies making up the campaign. That is 20% more than the 1988 campaign. And it is proof positive that the University community recognizes its responsibilities to the larger community.

Our Community Campaign depends on hundreds of volunteers, but I must single out Gil Banker for his most successful leadership, and I must also recognize the critical assistance Dean Banker received from Ms.

Jeannie Schwartz, Associate Administrator in the College of Pharmacy, and Ms. Dianna Gardner, Administrator in the President's Office.

• Status of Searches •

As I have in previous monthly reports, I'd like to report on the status of searches for key administrative positions:

- We have three finalists recommended for the Vice President for Agriculture, Forestry, and Home Economics, and we're scheduling interviews now.
- We also have three finalists for the new position of Vice Provost for Arts, Sciences, and Engineering, and those interviews are also being scheduled.

As I have mentioned before, Vice President Kuhi and/or I meet with the search committees, before they submit their final recommendations, to review the pools of candidates. Before I accept a slate of finalists, the search process and candidate pool are also reviewed by the Director of Equal Opportunity and Affirmative Action. We consider the qualifications of the candidates and, specifically, the representation of women and minority candidates.

In both of the searches just mentioned, there were women and minority candidates. In the case of the Vice President for Agriculture, Forestry, and Home Economics, a woman candidate was part of the final half dozen candidates to be considered by the committee. Only three candidates received majority endorsement by the committee, and after review I accepted that slate although only white males were represented. Other candidates received no more than one or two votes in the committee. In the case of the Vice Provost for Arts, Sciences, and Engineering, there were several women and a minority candidate in the half dozen or so in the semi-final pool. After review, I accepted a slate of three women and a male minority candidate. The minority candidate withdrew when informed that he was a finalist. We are going forward with the slate of three women candidates. I expect that we will be able to complete the interviews with these candidates by early February.

- The searches for the Vice President for Health Sciences, the Vice President for Student Affairs, and the General Counsel are all progressing toward search committee recommendations, and I will keep the Board informed as those committees report in.
- I have just appointed Dr. Mercedes Ballou to chair the search committee for the Chancellor of the University of Minnesota, Morris. Dr. Ballou is Associate Professor in the Division of Elementary and Secondary Education at Morris.

These searches have taken time, and while I've been impatient to fill out the administrative structure, it's perfectly obvious that any delays are well worth it when they produce top quality candidates. And I hasten to add that the delays have not been problematic because of the superb performance of the talented people who have been serving in the interim. They have everything to do with the accomplishments that have been possible this year.

The bad news is that we have lost Tom Nelson as Director of State Relations. While Tom has only been with us for less than a year, he has been extraordinarily effective in developing our legislative proposals, organizing our presentations, organizing our legislative networks, and representing us in St. Paul. We will miss him very much. The good news is that he will be Commissioner of Education, and it is obvious that our relationships with elementary and secondary education will be extremely important in the 1990s. Tom knows that, and with the understanding of the University he has gained this year, I am looking forward to some most productive relationships with the Department of Education under his leadership.

Vice President Heydinger and I are recommending the appointment of Assistant Vice President Vilis Vikmanis to take over the State Relations duties for the 1990 session, and we hope to move quickly on the search to fill this position.

It's another piece of bad news that we have lost Kathy Jones as Compliance Officer for Twin Cities Campus Intercollegiate Athletics. I suppose it should be comforting news that she was so good she was hired away from us by the firm of Mr. Slive, who was hired by the University for the special investigation preceding the Darville trial. But it's always hard to lose good talent. Ms. Jones brought the Compliance Officer function up to speed quickly. This will be another search that we will complete as expeditiously as possible.

• On-Campus Athletic Facilities •

Another promising development in athletics has been Senior Vice President Donhowe's study of on-campus athletic facilities. It's encouraging to see the preliminary indications that a new hockey and basketball arena can be financed, and I do feel strongly that keeping ice hockey and men's basketball on campus is important to the University community. The project also provides a convocation center that has been an obvious Twin Cities Campus need for many, many years. This project should be seen as an important step in creating a hospitable environment on the Twin Cities Campus for students, other members of the University community, and the public.

This month's presentation is clearly the first step of many, but I think we have to consider it an impressive step, certainly one which offers good reason for optimism that old problems are on the way to solutions.

• Academic Freedom •

Other news from university campuses around the country and around the world lately is dramatically mixed. Certainly the news from Eastern Europe is exciting. Certainly it bodes well for the freedom of inquiry and freedom of expression that we believe is so essential to the whole idea of a university.

On the other hand, the murders in Tiananmen Square, El Salvador, and, only two days ago, at the University of Montreal, are chilling reminders that academic freedom is still threatened in the most horrendous ways. I want the Board to know that I am sending a message of condolence, on behalf of the entire University of Minnesota community, to the University of Montreal community.

Closer to home on American campuses, we have also seen chilling incidents of racial, gender, and ideological intolerance. Right here, we have our own incidents of intolerance, where free expression has been misused, in my opinion, to try to block the free exchange of ideas.

I do not believe that University of Minnesota policies on academic freedom need to be changed. I do believe they need reaffirmation throughout the community -- reaffirmation that recognizes the equal rights of parties to be heard. I wish to draw the attention of every member of the University community to the policy statements that define academic freedom at the University of Minnesota. Those are on file in the Regents' Office.

• Year in Review •

For me this has been a year of discovery, and rediscovery, of the glories that are the University of Minnesota:

- In teaching -- hundreds of thousands of alumni, and new waves of graduates as commencements go by (and I attended nine of them just last spring!) -- generations of scientists, scholars, and artists; of public school teachers; of engineers and physicians; of businessmen and lawyers; of nurses and architects; of veterinarians and dentists; of pharmacists and agronomists -- the next generation of educated citizens prepared to make the crucial decisions of tomorrow.

- In research, scholarship, and artistic activity -- a capability in the production of new knowledge and insight that can keep us economically competitive and ensure our continued social and cultural well-being -- the means to fight disease; to make the fields yield even more; to build our cities; to keep our air and water clean; to understand the past and prepare for the future; to enjoy the fruits of the human mind in literature and in the performing and studio arts.

- In public service -- an infrastructure for service that can provide access to the expertise of the University for the purpose of meeting the varied needs of our complex society -- in economic development; in leadership education; in minority concerns; in waste management; water quality; and infant nutrition.

It has been a year of great productivity for our faculty and Civil Service staff. It has also been for them a year of wait and see -- if the University will continue to be a place to invest your career and receive acceptable rewards for your endeavors.

It has been a year of hard work for our students (most of them, most of the time). It has been a year for them of wait and see -- if the promises of improvements in their educational experience are going to be fulfilled.

It has been a year of building an administration, and a year of establishing a productive working relationship between a new administration and the Board of Regents.

It has been a year of questions about the University's direction; it has been a year of trying to keep the University on a steady course, true to its mission but vigorous in its renewal and its search for excellence.

It has been a year of challenges to the University's willingness to be accountable and to its ability to manage effectively. It has been a year of criticism leveled at the institution; it has been a year of reliving the past. It has been a year of trying to build trust and a year of restructuring to ensure that the University will be accountable and that it will manage effectively.

It has been a year of concern for the welfare of "our University" among alumni and other friends of the University. It has been a year of generous support and encouragement from constituents from all parts of the state.

To my fellow members of the University community I would like to direct this message:

At times you feel embattled -- and so do I -- because of criticism and challenges that are leveled at us. Sometimes we feel that that criticism is unfair, because it paints with too broad a brush. You who are working hard throughout this University may feel that you get charged with the

mistakes, or in isolated instances, the malfeasance of a few. We all probably feel that we keep getting pulled back into the past -- and that we want very much to return to the future.

Without going into a lengthy analysis of the criticism, and of reality and perception and the possible discrepancies between the two, let me make some points that to me are fundamental in dealing with our situation.

First of all, this is an extraordinarily strong and vigorous University, one that any state or country should be proud to call its own. It is strong because of the hard work, dedication, and competence of you, its faculty and Civil Service staff, on all its campuses, and in every county of this state.

Second, this University does face enormous challenges:

- To produce the knowledge and insight now more needed than ever for the welfare of our society;
- To meet the expectations and demands for effective management that are being placed on institutions like ours across the country.

Faced with these challenges, we must persist. We must continue to define our programs within our established mission, but in a way that means renewal. We must face criticism and challenges head on; we must not be defensive or evasive. We must lay the facts on the table. We must be forthright where mistakes have been made. We must establish policies, processes, and procedures that will make it possible for us to avoid mistakes in the future.

Above all, we must be dedicated to the welfare of this institution because it is essential to the welfare of this state and nation.

There is, of course, far more that could be said about 1989, but I'd like to conclude this retrospective with a very personal expression of thanks. During last month's meeting schedule, when you were headed over to the Campus Club for the Thursday lunch, I had the wonderful opportunity to meet a group of first-, second-, and third-grade school children who stopped in to see the President's office.

With all the charming directness that children can show, one little girl asked me, "President Hasselmo, is your job hard?" Kids don't give you much time to think, and my immediate response was to say I had lots of good people helping me.

On reflection, I'll stick with that answer. In fact, that may well be the most memorable aspect of 1989. I've found that people all over the state want to support the University, and I've found that their elected representatives share that view. I've found wonderful, encouraging support throughout the University community, and within the

administration I've found the kind of staff support that makes this job possible. Around this table -- on this Board -- I have found that spirited debate and fundamental support and encouragement do, indeed, go hand-in-hand, and I must thank you most sincerely for the spirit of cooperation and mutual interest that I believe is at the heart of good prospects for 1990.

Closest to home -- at home -- I also have that essential bedrock of support that keeps me going, and that makes it all worthwhile.

Thank you, I wish you all an enjoyable holiday season, and I am very much looking forward to a good year in 1990.